No. 2391.52

f. 3

THE TRVSTEES OF THE PVBLIC LIBRARY
OMNIVM LVX CIVIVM
OF THE CITY OF BOSTON
1852 1878

THE WRITINGS

OF

ALBERT GALLATIN.

EDITED BY

HENRY ADAMS.

VOLUME III.

PHILADELPHIA:
J. B. LIPPINCOTT & CO.
LONDON: 16 SOUTHAMPTON ST., COVENT GARDEN.
1879.

3349

June 17/79

Copyright, 1879, by J. B. Lippincott & Co.

TABLE OF CONTENTS.

PAGE

1. The Speech of Albert Gallatin, a Representative from the County of Fayette, in the House of Representatives of the General Assembly of Pennsylvania [January 5, 1795], on the important question touching the validity of the elections held in the four western counties of the State on the 14th day of October, 1794. With Notes and an Appendix, containing sundry documents relative to the Western Insurrection 1
2. A Sketch of the Finances of the United States. By Albert Gallatin. 1796 69
3. Introduction to the Collection of Laws, Treaties, and other Documents having Operation and Respect to the Public Lands. 1810. 207
4. Considerations on the Currency and Banking System of the United States. By Albert Gallatin. 1831 231
5 Suggestions on the Banks and Currency of the several United States, in reference principally to the Suspension of Specie Payments. By Albert Gallatin. 1841 365
6. The Oregon Question. By Albert Gallatin. 1846. Appendix. War Expenses 489
7. Peace with Mexico. By Albert Gallatin. 1847 555

APPENDIX. The Gallatin Genealogy 593

INDEX I. List of the Writings of Albert Gallatin published during his lifetime 617
INDEX II. Letters written by Albert Gallatin 623
INDEX III. Letters written to Albert Gallatin 630
INDEX IV. Miscellaneous Letters and Papers 633

GENERAL INDEX 635

THE SPEECH

OF

ALBERT GALLATIN,

A REPRESENTATIVE FROM THE COUNTY OF FAYETTE,
IN THE HOUSE OF REPRESENTATIVES OF THE
GENERAL ASSEMBLY OF PENNSYLVANIA,

[JANUARY 3, 1795,]

ON THE

IMPORTANT QUESTION TOUCHING THE VALIDITY OF THE ELECTIONS HELD IN THE FOUR WESTERN COUNTIES OF THE STATE, ON THE 14TH DAY OF OCTOBER, 1794.

WITH NOTES AND AN APPENDIX CONTAINING SUNDRY DOCUMENTS
RELATIVE TO THE WESTERN INSURRECTION.

PHILADELPHIA:
PRINTED BY WILLIAM W. WOODWARD, FRANKLIN'S HEAD
(NEW SIGN), SOUTH SIDE CHESTNUT STREET.
1795.

The subject was introduced upon the motion of Mr. Kelly; the following resolution being offered by him and referred to the consideration of a committee of the whole House.

Resolved, That the elections held during the late insurrection in the counties of Westmoreland, Washington, Fayette, and Allegheny, for members to represent said counties in this House, were unconstitutional, and they are hereby declared void.

Mr. Chairman:—The proposition now before us divides itself into two distinct questions. 1st. Were the inhabitants of the four western counties in a state of insurrection on the second Tuesday of October last, the day of the general election? 2d. Has the House a power to decide on the unconstitutionality of the election?

In order to answer the first question it will be necessary to enter into a detail of the most material facts of the late disturbances; though I should not have supposed it requisite or in point to go any farther back than the unfortunate events of the month of July last past; as, however, the mover of this resolution, with a view, perhaps, of inducing a belief that those events originated in some general combinations of the inhabitants of the western counties, has made a variety of observations on everything which passed in that country on the subject of the excise law from the time of its being enacted, and as the recital he gave and the observations he made, whatever his views might be, had an undoubted tendency to prejudice and inflame the minds of the House on the decision of the main question, I will claim an equal share of indulgence whilst I am obliged, in reply to those observations, to go as far back as the mover himself has gone.

In detailing the leading circumstances of the conduct of the western people, extracted from all the official documents or ascertained facts which are in the possession of the House, or which I

have been enabled to procure, I mean not to stand as an advocate for any measure that is in itself reprehensible. I mean not to justify or even to palliate any criminal excesses into which the people, or any part of the people, may have fallen; but I wish to separate facts from opinions, and to divest the picture which has been given to you of those colors which have no other effect but that of obscuring truth.

It is asserted that the opposition to the excise law originated in the western counties with the law itself; that it was at first displayed in the shape of a circulation of opinions and of intemperate resolutions, adopted by meetings and combinations of influential characters; that it soon broke out in acts of violence and excesses, which are justly chargeable to those meetings; and that at last, as a natural consequence of a systematical opposition, not only to the excise law but to government, it terminated in the commission of arson, murder, treason, and an open rebellion against the government of the United States and of Pennsylvania.

That there was a general dislike to the excise law in the western counties cannot certainly be denied; but in answer to the assertion that it originated from an enmity fostered in those counties against the government of the United States itself, it will be sufficient to observe that the aversion to the excise law of the State of Pennsylvania was as strong, and produced as violent effects before the existence of the Constitution of the United States, as the aversion to the late excise law. The acts of violence committed twelve years ago, and which terminated in the expulsion of the State excise officer, cannot be justified, nor can they justify those which have been recently committed; but they show, at least, that whatever opposition existed was directed against the principle of the law itself, and not against the government that enacted it. Permit me to add that the aversion did not arise from a reluctance to pay a share of the public burdens, nor was it confined to the western country alone. The direct taxes imposed by the Legislature of Pennsylvania were lighter on the frontier counties than on the other counties of the State, in proportion to their respective population, though not in proportion to the value of property which

their respective inhabitants possessed. Such as they were, they have been paid more punctually by some of the western counties, and as punctually by all of them, as by any other part of the State. This fact will not be denied; its proof is to be found in the yearly official reports made to this House from the year 1785 to the present year. To prove likewise that the aversion to an excise law was not confined to those counties, it will be enough to mention that the excise law of Pennsylvania was merely nominal, so far as related to spirits distilled within her jurisdiction from domestic materials in almost every county of the State. This assertion, if denied, may also be proved, partly from official reports and partly by the evidence of some of the collectors themselves.

We shall find the charge, that the western counties were the first engaged in the circulation of opinions inimical to the excise system, to be equally unfounded. While the excise bill was pending before Congress on the 22d January, 1791, the House of Representatives of this State, upon the motion of two members from the city, adopted, by a large majority, resolutions expressive of their sense on the subject. They not only did so, but, in order that their opinions and the motives of their conduct might be known and circulated, they entered their reasons at large on the minutes of the 2d February, 1791, and in those reasons (which were published in the newspapers) they express their opinion that an excise law was, as it had been denominated by the Congress of 1774, "the horror of all free States," and that a very large portion of the people would be opposed to it under every possible modification.

Was it more criminal in the inhabitants of the western country than in this House to circulate their opinions? Can a circulation of opinions be called criminal? This doctrine, once adopted, would destroy the privilege, the constitutional privilege, of the citizens to assemble peaceably, to remonstrate, to discuss the measures of government, and to publish their thoughts. We must distinguish between a publication of sentiments and acting. We must distinguish between an opinion merely that this or that measure is wrong, promulgated in any manner whatever by individuals or collections of individuals, and an opinion to which

is annexed a declaration that those who give that opinion mean to act in a certain manner or advise others to act. Whether the opinion be right or wrong, as long as it is only an opinion, everybody has a right to express it. To judge whether the determination or recommendation to act is justifiable or not, the nature of the conduct thus avowed, either as the intention of the men or as their advice, must be examined. Upon this principle, then, the resolutions adopted at different times by meetings of certain inhabitants of the western counties must be weighed and judged. I will not hesitate to say that upon this principle all the resolutions adopted by every one of those meetings, except that of Washington on 1791, and that of Pittsburg on the 24th of August, 1792, are perfectly justifiable, whether the opinions which they express be in themselves right or wrong.

The meeting at Pittsburg in September, 1791, is particularly pointed out as chargeable with all the excesses that followed. I was not a member of that meeting; when it took place I was a member of the Legislature, and attended as such at the session held at that very time in this city; nor do the sentiments expressed in the resolutions which were there adopted correspond in many points either with my private opinions or with my public conduct. Yet I find nothing reprehensible in them; nor is there anything criminal or of a dangerous tendency in the measures they proposed: to remonstrate and to correspond with other parts of the State and of the Union with a view to procure the support of concurring petitions, where a coincidence of sentiments existed, seems to have been their only object; and they cannot be blamed if any individuals, whose views might be the same, embraced unjustifiable means in order to attain them.

The meeting held at Washington in 1791, and at Pittsburg on the 24th August, 1792, went farther. The persons assembled not only agreed to remonstrate, but they expressed a determination to hold no communication with, and to treat with contempt, such inhabitants of the western country as would accept offices under the law, and they recommended the same line of conduct to the people at large. I was one of the persons who composed the Pittsburg meeting, and I gave my assent to the resolutions. It might perhaps be said that the principle of those resolutions

was not new, as it was at least partially adopted on a former period by a respectable society in this city,—a society that was established during the late war in order to obtain a change of the former constitution of Pennsylvania, and whose members, if I am accurately informed, agreed to accept no offices under the then existing government, and to dissuade others from accepting them. I might say that those resolutions did not originate at Pittsburg, as they were almost a transcript of the resolutions adopted at Washington the preceding year; and I might even add that they were not introduced by me at the meeting. But I wish not to exculpate myself where I feel I have been to blame. The sentiments thus expressed were not illegal or criminal, yet I will freely acknowledge that they were violent, intemperate, and reprehensible. For, by attempting to render the office contemptible, they tended to diminish that respect for the execution of the laws which is essential to the maintenance of a free government; but, whilst I feel regret at the remembrance though no hesitation in this open confession of that *my only political sin*, let me add that the blame ought to fall where it is deserved. The meeting did not call themselves delegates of the people, but individuals voluntarily assembled. For my own part, I was not sent thither; I was not desired to go by any collection or meeting of individuals whatever. If this may be called a combination, still it was not a combination of the people. Whether, however, those resolutions did produce any acts of violence, in other words, whether they were the cause or the effect of the temper of the people, may best be determined by the following observation. Many acts of violence had been committed before that meeting, and it was immediately preceded by the suppression of the office of inspection in Washington. Eight months elapsed after that meeting without any outrages being committed; nor indeed was the public tranquillity disturbed during the space of fifteen months, except by a nocturnal riot in Fayette County, in which only a few men were concerned, in which only threats were used, and which terminated without any injury to persons or property. It is even acknowledged that the law gained ground during the year 1793. With the events subsequent to that meeting I am but imperfectly acquainted. I came to Phila-

delphia a short time after it, and continued absent from the western country upon public business for eighteen months. Neither during that period of absence nor after my return to the western country in June last, until the riots had begun, had I the slightest conversation that I can recollect, much less any deliberate conference or correspondence, either directly or indirectly, with any of its inhabitants on the subject of the excise law. I became first acquainted with almost every act of violence committed, either before or since the meeting at Pittsburg, upon reading the report of the Secretary of the Treasury. A few observations may, however, be made tending to show that, however general the dislike to an excise law may have been, a spirit of illegal opposition was neither general nor supported by system or combination, and that the law was, as it has been acknowledged, gaining ground in 1793. It seems that the outrages committed before the month of July, 1794, which terminated in any actual violence offered to persons or property, were all committed by a few men, and were uniformly confined to that neighborhood in which the last riots likewise broke out. It also appears that offices of inspection were continued without interruption till the month of July, 1794, in Allegheny County, from the time of the law being enacted, and in Fayette County from the spring of 1792. An office was also established in Westmoreland County during last summer, and the county of Washington was the only one in which none existed. In the county of Fayette processes issued from the District Court of the United States for this State were served without interruption, in the spring of 1793, upon several distillers, who, it was alleged, had neglected to enter their stills in June, 1792, at the office of inspection, which, it was said, had then been opened in that county. The writs were obeyed, and the distillers entered their appearance at Philadelphia. The greatest obstacle, however, to the law being fully executed arose, perhaps, from the organization of the judiciary system. The distance of the Federal courts rendered prosecutions instituted there difficult and obnoxious. Complaints for private acts of violence could, it is true, be preferred before the State courts; but suits against delinquent distillers, those suits which alone could finally carry the law into effect, were not supposed to be within their

cognizance; and upon one occasion, indeed, a prosecution for a cause exclusively within their jurisdiction was instituted in the Federal court; for it appears that the sheriff of Fayette County was indicted there for a supposed neglect in serving the process which had been issued against rioters by the judges of the State court for that county. The judges of the State courts were not, however, deficient in their duty. Whenever a riot or act of outrage had taken place, the charge to the grand jury pointedly urged the duty of finding bills against the offenders; but it was difficult to collect testimony, not only on account of the unwillingness of the people to attend as witnesses, but also for want of knowledge of the perpetrators. A prosecution was instituted by the man who had been abused in serving writs in the case of Johnson; he dropped it on receiving a compensation. In the case of Wilson, which has been much dwelt upon, on account of the circumstances of cruelty that accompanied it, a bill was unanimously found by the grand jury of Allegheny County against the persons supposed to be guilty; and although this prosecution was likewise dropped, as the prosecutor abruptly left the country, I am informed that the armed rioters who carried off one of the witnesses for the Commonwealth, and who were supposed to be the same persons that had committed the original outrage, were for the latter offence prosecuted, convicted, and punished.

Congress, during their last session, removed, however, the difficulties that I have mentioned, and gave to the State courts a concurrent jurisdiction in all cases relative to the excise. A wish might perhaps be innocently indulged that the policy of this measure had undergone a fair experiment; and that, consistently with the general arrangements of general government, the institution of suits could have been restricted to the State courts until it had been practically proved whether, through the medium of their jurisdiction, the law could in future be carried into operation. What would have been the effect in three of the counties I can only conjecture; but I will assert that the experiment would have produced every beneficial consequence that could be expected to flow from it in the county in which I reside, and with the disposition of whose inhabitants I am best acquainted.

But it was thought necessary that the process should issue from the District Court against distillers who had incurred any penalty before the enacting of the law to which I have just alluded, and who were not consequently regarded as objects of the new regulation. Accordingly, the marshal proceeded to the western counties with thirty-four writs of summons against inhabitants of Fayette County, and six against inhabitants of Allegheny County. He served the writs in Fayette County without interruption, and thence prosecuted his journey to Allegheny County. The distillers of Fayette County who had been thus summoned held a meeting in Uniontown upon the occasion, about three or four days after the destruction of General Neville's house. I attended that meeting by invitation, together with several other persons who were not distillers. Although the news of the riots and of their fatal effects had reached us, and although it was known that parties of armed men were then assembled in the neighboring counties in order to intercept the inspector of the revenue and the marshal, an idea of combining with the rioters was not even suggested at the meeting; but, on the contrary, it was unanimously agreed that in future the distillers should either abandon their occupation or enter their stills, and that those who had been summoned should immediately evince their submission by entering an appearance to the respective suits; in pursuance of that agreement an express was actually sent to Philadelphia, council was retained, and instructions for a legal and conscientious defence were given; but it seems that the writs were made returnable at a time when no court was sitting; and that this error in point of law was deemed sufficient to vitiate the process, and to supersede the necessity of entering the appearance of the several defendants. Still more forcibly to convey an idea of the feeling and sentiments of the members of the Uniontown meeting, let me add that while they were together they received a letter proposing a general meeting of the four counties; but so predominant was the apprehension that such an assemblage would increase the degree of inflammation and extend its influence to greater numbers; so eager was the hope that the riots would be confined to the spot in which they had originated, and might subside or be quelled without

any extraordinary interference, that this proposition, however soothing it may appear to the popular prejudice against the excise, or whatever force it was likely to acquire from the terrors of violence that had been excited, was reluctantly read, and never taken into consideration. Unfortunately, the disposition of the people in that part of the country in which the marshal had the six remaining writs of summons to serve was more inflammable, and accidental causes supplied additional fuel for the flame.

We are told that the first idea of resistance originated upon the serving one of the writs in a harvest-field, amidst a group of reapers who were not perfectly sober, and we learn by the official letter of the State commissioners to the governor, dated the , that the casual assembling of a body of militia at a board of appeals (which was held in the course of the brigade inspector's duty for executing the Act of Congress that requires a draft of 80,000 men from the militia of the United States) gave, unhappily, the opportunity of employing an armed force in the attack upon the house of General Neville. Example and terror drew numbers into the criminal vortex; the house was attacked and finally destroyed. The view of the first aggressors, thus collected, as it were, by accident, and inflamed by a temporary gust of passion, seems to have been to suppress the office of inspection in Allegheny County, the office of inspection in Washington County having been previously suppressed; and it is not improbable that they might have returned to a sense of duty, or, at least, that they might have been prevented from committing any further outrages, had they not been supported and encouraged by a few influential characters, who, at this juncture, stept forth and publicly avowed an intention of making for themselves, and, if possible, of inducing the whole country to make a common cause with the rioters. To attempt the accomplishment of that purpose, some meetings of the people, collected from a part of the counties of Washington and Allegheny, took place on Mingo Creek; but even at those meetings, held in the centre of the discontented scene, the leaders were disappointed in their expectation of general countenance and support; and the result of their preliminary conferences appeared only in an ad-

vertisement calling a meeting of deputies from all the townships of the western counties, in order to take into consideration the situation of the country.

The advertisement was inserted in the newspapers without being signed; and, in fact, except in the neighborhood in which it originated, its authors were not generally known, although it was naturally and universally understood that the late riots would be the subject of discussion at the proposed meeting. In the mean time the leaders, whom I have alluded to, determined, it seems (though it is difficult to trace their real aim), to draw as many of the people into a criminal combination, before the general meeting, as their example or their arts could influence, caused the post to be robbed of the mail, and the discoveries purchased by this act of felony produced a secret consultation, terminating in that circular letter signed by seven persons, which has since been printed in the newspapers, and directed to the colonels of the respective regiments of the militia of Washington County, which required the attendance of the militia at Braddock's Field, on the day of . The day after the letter was circulated, one of the signers wrote a countermand, which is also printed, and in which he avows that the original intention was to attack the garrison at Pittsburg, and to seize upon the military stores. It was, however, too late to stop the people; the notice had been industriously communicated, and a considerable number met at the place of rendezvous on the day appointed. Of those who attended, some knew and meant to carry into effect the original intention; several were actuated by a disposition to prevent mischief; many had been regularly summoned as if for a tour of military duty, and were ignorant of the real cause; a great portion, consisting chiefly of those who were already criminal, entertained a general desire to encourage any kind of riot that could involve more persons in the jeopardy of their own situation; but, after all, the principal mass was composed of citizens who were either attracted by curiosity or impelled by fear. With much hesitation the original design being abandoned by the leaders, it is remarkable that this convention, summoned with the most daring intention, and composed, in part, of the most riotous characters, has left no

trace of its transactions but a march to Pittsburg, for which there seemed to be no pretence except parade; no object with the contrivers except a wish to impress the country with an idea of their influence and strength. The same object, indeed, has stimulated them to spread the most exaggerated account of the numbers that were assembled. But on comparing the best information that I could procure, and on recollecting that scarcely any of the people of Westmoreland and Fayette and that very few from the south part of Washington and the east part of Allegheny attended, I estimate the whole body at fifteen hundred, and I cannot think that it exceeded two thousand men. The expulsion of the five citizens from Pittsburg, which took place at the same time, might be influenced by a fear of the body who met at Braddock's Field, but did not originate with and should not be ascribed to them. Perhaps the measure was partly suggested by private resentment, or, possibly, it may have been proposed to the most violent party as a substitute for the original plan. Viewing the previous and subsequent conduct of the inhabitants of Pittsburg, though it would appear by the only printed paper on the subject that they carried the expulsion into effect themselves, yet there can be no doubt of their having acted under the impression and fear of immediate danger.

Although from the event of the meeting at Braddock's Field, it may more properly be described as an attempt to form a combination or an attempt to excite an insurrection, than as an existing combination or insurrection, the effects were certainly more pernicious than those which any preceding excess had produced. The flame then, and not till then, spread at a distance. A party of armed men entered the county of Fayette, and, attended by a few inhabitants of that county, proceeded to the house of the deputy inspector for the counties of Westmoreland and Fayette. The officer fled; his house was burnt. With an uniform design, that of suppressing every office of inspection in the survey, another party made an incursion into the county of Bedford, and, assisted also by a few individuals there, seized the officer, treated him with personal abuse, and obliged him to destroy his commission. A short time afterwards, the officer of a neighboring county in Virginia fled for fear of insult, and a riot was com-

mitted at the place of his residence by some of the inhabitants of the county, who have since been arrested, although the outrage seems at first to have been ascribed by the governor of Virginia to Pennsylvanians. In another county of the same State, some of the papers of the officer were forcibly taken from him. A great many poles were raised in different places, in some as tokens of sedition, but in many for the sake of indulging what was thought a harmless frolic. Similar symptoms of disaffection broke out within a short time in the counties of Bedford, Cumberland, and Northumberland, in Pennsylvania, and in some parts of Maryland.

In this alarming state of things, under circumstances so unpropitious, the meeting of Parkinson's Ferry, of the 14th of August, took place. The meeting was partly a true representation of the people, but it was only partly so. For, as there are not in this State any regular township meetings, a few individuals collected in any one township might appoint deputies; and the truth is, that, in almost every case, a minority of the inhabitants of the respective townships did make the appointments. In every township, likewise, in which there were any violent characters, such characters would undoubtedly attend the election, while, on the other hand, moderate men and friends to order were cautious either in attending the election or in suffering themselves to be elected. The robbery of the mail and the reports respecting the Braddock's Field meeting had, in a great degree, destroyed private confidence, and timid characters were equally afraid of personal insult from the rioters should they thwart their designs, and of the resentment of government should they not oppose them. Such men, therefore, generally chose to stay at home. In Fayette County, likewise, we hesitated whether we would send deputies or not. The change of circumstances which had taken place since the Uniontown meeting of distillers, the expulsion of the officer, the evident symptoms of a restless temper in many of the inhabitants, the danger of the flame spreading, at all events, amongst the whole body, if it was suffered to blaze any longer in our immediate neighborhood, and a hope that we might succeed in allaying the spirit that raged in another part of the country, were considerations so cogent that,

prevailing over every personal and local objection, they induced us to send deputies. The object of the meeting, as expressed in general terms in the advertisement, was only to take into consideration the situation of the western country; there was nothing criminal in going thither, though the conduct to be observed there was indeed delicate, liable to danger on the one hand, and to misconstruction on the other. That danger, however, it was the duty of good citizens to encounter and overlook, provided that under circumstances so critical they could be useful either in restoring tranquillity or in preventing the repetition of outrages. It is to be lamented that a sufficient share of this kind of courage was wanting in many: so that the number of friends to order who attended, although considerable, bore no proportion in the representation of some of the counties to the real number of their well-disposed citizens. I do not claim any greater share of political or physical courage than other men, but I did not hesitate to attend the meeting, and perhaps many circumstances concurred to give me sufficient fortitude for the task which did not apply to the situation of others. I knew I was supported by the general sentiments of my own county; as I had no public offices, I was not embarrassed by that popular suspicion against public officers which, during the tumults, was found a great obstacle to the acquisition of the public confidence; hence I conceived that I might be more useful than many more able and equally upright of my fellow-citizens. Probably, too, a reflection on what had passed at the Pittsburg meeting of 1792, accompanied with a due regard for my own character, were amongst the incitements to demonstrate, in a conspicuous manner, by my conduct that, whatever prejudices may have been engendered against me, however mistaken my theoretical opinions may be, I was not unwilling nor incapable to perform my duty as a citizen.

The place of meeting was far from being favorable to the wishes of the well disposed; it was held in the open fields, in the very neighborhood in which resistance had originated, and within a mile of the dwelling-house of McFarland, who had been killed in the second attack on General Neville's house. The meeting itself consisted of more than two hundred deputies,

and was surrounded by a greater number of spectators, most of whom, having been actually engaged in the riots, had no hope except that of being countenanced by the resolutions of the deputies. In this situation (which was so menacing that the commissioners of the United States, in their official report, avow that they thought it inconvenient and hazardous to have an immediate communication with the meeting), it is obvious that the only rational scheme was to prevent the adoption of any criminal resolution, or to obtain a dissolution of the meeting without doing any act. The views of the rioters, or rather of their leaders, may be best discovered by a consideration of their conduct. After some inflammatory speeches, the resolutions, the original of which I have ever since preserved and now hold in my hand, were proposed by Mr. ——. Of these the most important runs in the following words: "*Resolved*, That a standing committee be appointed, to consist of members from each county, to be denominated 'a committee of public safety,' whose duty it shall be to call forth the resources of the western country, to repel any hostile attempts that may be made against the rights of the citizen or of the body of the people." The question was, in fact, whether the western counties should raise the standard of rebellion or not, and the preamble of the next resolution clearly implied an idea that the whole country were concerned, or at least meant to make a common cause with those who had been concerned in the attack of General Neville's house and in the meeting at Braddock's Field. I opposed the resolution with those arguments which the moment and the occasion suggested, and which were most likely, in my judgment, to make an impression on the hearers, whether members of the meeting or merely spectators. Yet I confess that under such unfavorable circumstances my greatest hope was that the question should be waived, and, impressed with the belief that the consequence of putting it was too doubtful to be risked, I moved that the resolution should be referred to a committee. My motion was neither supported nor opposed by anybody in an open manner; but fortunately Mr. —— himself, either perceiving from that moment that he would not be generally supported, or having already felt (as his subsequent conduct renders more probable) a

just sense of his error, and wishing only an opportunity to abandon, without personal danger, the plans which he had before countenanced, offered to withdraw his proposition, provided a committee of sixty should be appointed and have power to call a new meeting of the people or of their deputies. This idea for a substitute was instantly agreed to; and a new resolution, being studiously so modified and worded as to insure its adoption, was accordingly approved by the meeting, and has since been printed. Another of the resolutions which were adopted, and has also been printed, expresses a determination to support the State laws, and to afford protection to the persons and property of individuals. A declaration of this kind was absolutely necessary, since it was essential that individuals should be restored to a state of peace and order, to freedom of speech and to social confidence, in order to pave the way for a general submission to the government and laws. This resolution was but faintly opposed, and even that faint opposition arose merely, I believe, from the thoughtless interruption of a bystander, for almost every man was tired of violence and anarchy. Yet it cannot be dissembled that the meeting, composed and surrounded as it was, would not have had courage sufficient, although it might be the sentiment of the majority, to include in the resolution a determination to submit to the excise law. The original proposition offered by Mr. —— expressed a disposition to submit to all the laws of the State and of the United States, except the excise law. For the reasons which I have assigned, it was requisite to preserve the part that related to the State laws; but the only advantageous change that could be obtained as to the objectionable part which related to the laws thus excepted was to expunge it, and to remain entirely silent on the subject of the laws of the United States.

Whilst the meeting were assembled they received intelligence that commissioners appointed by the President to confer with the citizens of the western counties on the subject of the late disturbances had arrived. That paternal measure, by giving courage to those who were well disposed, by fixing those who were wavering, and by giving a hope of pardon for past offences to the rioters themselves, greatly facilitated the adoption of pa-

cific measures; and it was without difficulty agreed that three persons from each county should be appointed (by the members of each county respectively) to meet the commissioners; but it was at first insisted that either the whole meeting, or at least the committee of sixty, should remain assembled, or assemble again within two or three days, in order to receive the report of the conference. The complexion of the general meeting, the place where they were convened, and all those circumstances which have already been mentioned, rendered it, on the contrary, a desirable object that they should not meet again without absolute necessity; and, at all events, that neither they nor the committee of sixty should meet very soon, or in the same place. For time was essentially requisite in order to enable the friends of government to disseminate amongst the body of the people both information and sentiments of moderation, and from time alone might it be expected that those violent passions, which still inflamed so many, would subside; indeed, during the whole course of the transactions that followed, it was, upon every occasion, equally experienced that time alone was sufficient to obtain a progressive restoration of order, and lamented that a sufficient delay could not, from the general situation of affairs, be always obtained. Some address was, however, necessary to find ostensible motives sufficiently strong to induce one body to dissolve, and the other to adjourn to a more distant day and to a well-affected part of the country. Both points were, however, carried with some management; the committee of sixty agreed to meet on the 2d of September at Red-Stone old fort, and the general meeting adjourned without fixing any day for reassembling. It was known that if circumstances rendered it necessary, the committee of sixty might be called sooner, and accordingly, after the conference with the commissioners, and at their request, it was summoned to meet four days previous to the time to which its meeting had been protracted.

All the conferees except one who were appointed by the four counties to meet the commissioners were, I believe, at the time of their appointment, well disposed. The result of the conference is detailed in the report of the commissioners. The conferees declared their own determination to submit to the laws;

they approved of the terms offered by the commissioners, declaring that nothing more could be done by the executive; and they promised to recommend a faithful acquiescence to the people at large. To the details mentioned in the report of the commissioners I have but two observations to add: the first, that the verbal account, stated to have been given by the conferees, of the causes of discontent amongst the people were but opinions, and those only the opinions of the individuals who expressed them, and not of the body. The other relates to an account said to contain the reasons of the conferees for approving the proposals of the commissioners, and which is annexed to a printed report of the proceedings of the committee of conference, but is not signed. That account I never saw till after it was printed; which, I believe, was the case likewise with every other conferee except the one who drafted the report. The reasons given in it had not, that I know of, any influence on the determination of any of the conferees, but were, I suppose, such as in the judgment of the author would make most impression upon the people; on that head, I think, however, he was mistaken.

The committee of sixty met at Brownsville (Red-Stone old fort) on the 28th of August. I have already mentioned how that body was composed. Fifty-seven members attended, twenty-three of whom were sent by the county of Washington alone, and thirty by the three counties of Westmoreland, Fayette, and Allegheny; one came from Bedford County, and three from the county of Ohio, in Virginia. The wickedness of a few, perhaps only of one, for one only openly advocated resistance, and the timidity of a majority prevented the terms offered by the commissioners from being fully adopted. The general wish of the members, which was dictated by fear and with difficulty prevented, was to adjourn without doing anything, and to refer the whole business to the people at large. All that could be obtained was a resolve that, in the opinion of the committee, it was the interest of the people to accede to the terms; the question upon it being taken by ballot, and thirty-four voting for the resolution and twenty-three against it. We are informed by one of the official letters of the State commissioners that six of those who voted in the negative did it through a mistake, which

would make the votes forty and seventeen. Whether, if the question had been publicly put, or if any question had been put, for making the declarations required by the commissioners in their full extent, either or both of them would have passed in the negative, I believe it to be impossible for any person to conjecture, as no person can calculate what might have been the effect of terror. The fact is that a majority of the committee, through fear, refused taking a question on the last proposition, or to have the other put publicly. Several of the advocates for submission spoke, however, their sentiments in an open manner, and although a few might apprehend personal danger in doing it, yet, as not one of those who spoke was insulted, either then or at any subsequent period, it is from the time of that meeting that we may date the beginning of a free circulation of sentiment throughout the whole country.

A new committee of conference was appointed by the meeting, in order to procure, if possible, some further time for the people to reflect before the question of submission was finally referred to them. The commissioners were not authorized to give a longer time, and they proposed that the declarations required of the committee of sixty should be made by the people themselves, and testified by the individual signatures of the citizens, excepting from the amnesty such persons concerned in the late offences as should not comply. However cogent might be the reasons which induced the commissioners to propose those terms (which were acceded to by the conferees), they operated unfortunately in one point of view; for the amnesty being attached to the individual signatures, the proposal became highly objectionable to a great many well-disposed citizens, as signing would seem to imply a tacit acknowledgment of a previous offence and of a personal want of pardon. It was also, perhaps, a more difficult task to induce violent persons to subscribe assurances of submission than to give a silent vote for it. The individuals who had represented the county of Fayette at Parkinson's Ferry, having met on the 10th of September, were induced, upon these considerations, to propose to the people merely the question of submission, but at the same time they agreed themselves to the declarations which had been required of the committee of

sixty, and annexed to them an address to the people (printed in the Pittsburg gazettes of the 4th and 11th of October), exhorting them to submit. The most remarkable feature of that address (which is arranged in the shape and consists of the arguments that, in the opinion of the members of the committee, were most likely to make an impression upon the people in their present temper) is that the inducements to submission are mostly drawn from a sense of duty, and the motive of fear from an army is hardly appealed to.

The sense of the people was taken on the 11th of September, and it appears, by the report of the commissioners, that in the[1] county of Fayette, which contains two thousand eight hundred taxable inhabitants, eight hundred and sixty attended, five hundred and eighty of whom voted for submission, and two hundred and eighty against it; that in the counties of Westmoreland, Washington, and Allegheny, which contain eleven thousand taxable inhabitants, two thousand seven hundred signed the declarations of submission; but that no return was made of the number of persons who attended in these three counties and of the yeas and nays on the question of submission; and that in the returns made to them no opinions were certified that there was so general a submission that an office of inspection would be immediately and safely established; and that, on the contrary, the return of Westmoreland County stated that, from the danger of ill-disposed and lawless persons suddenly assembling and offering violence, the measure would not be immediately safe in that county. The commissioners add that they had received information that in some townships the majority declared for resistance; in some the party for resistance was sufficiently strong to prevent the declarations being made; and in others the majority were intimidated or opposed by a violent minority. But they do not mention the number and names of the townships in which those acts of violence took place, and

[1] The official returns of three districts of the county of Fayette, as made to the commissioners, state the number of those who attended to have been 721, of whom 560 voted for submission, and 161 against it. In the fourth district 20 voted for submission, and 119 against it.

from the information I have received they were but few. They further say that, "notwithstanding those circumstances, they firmly believed that there was *a considerable majority* of the inhabitants of the fourth survey who were then disposed to submit to the execution of the laws; at the same time that they conceived it their duty explicitly to declare their opinion that such was the state of things in that survey, that there was no probability that the act for raising a revenue on distilled spirits and stills could at that time be enforced by the usual course of civil authority, and that some more competent force was necessary to cause the laws to be duly executed, and to insure to the officers and well-disposed citizens that protection which it was the duty of government to afford." Which opinion I know to have been perfectly justifiable from the information and opinions they had received.

Upon the decision of that day (the 11th of September) it is proper to remark that, as it was the last hope of the violent persons, they all attended to a man. On the contrary, the friends to order, some being yet actuated by fear, many resting in a state of apathy, and a very large proportion wanting information or not understanding the importance of the question, did not in general attend. Not one-third part of the inhabitants of Fayette met on that day, and I had a striking proof of what I mention in the district in which I live. No act of violence had ever been committed there either before or during the insurrection. I do not know, and I do not believe, that a single inhabitant ever was concerned in any such act elsewhere, and after the army had entered the country there was not an individual belonging to the district arrested on suspicion or even summoned as a witness. Yet in that district, which contains eight hundred taxable inhabitants, two hundred and twelve only attended on the 11th of September. In the other counties two thousand and seven hundred inhabitants signed the assurances required, which is a greater proportion than the number of those who voted in favor of submission in the county of Fayette, and a great many, for the reasons already mentioned, were willing to give a vote, although they felt a reluctance to sign a formal instrument. This fully justifies the opinion given

by the commissioners, that a considerable majority of the inhabitants were disposed to submit. It must also be observed that almost all the characters of any importance amongst the rioters, and who could be considered as leaders, signed the submission, and those who were guilty on that day of acts of violence, or who gave a vote against submission, were, with very few exceptions, amongst the youngest and most ignorant class of the people. This class had but one day to consider the question before them; their means of information in a country in which information can circulate but slowly were few, the channels through which they received it not pure, their prejudices were great, and although arguments had circulated freely for near two weeks, they had not yet reached this deluded description of citizens. All they heard to convince them of their error they heard for the first time on that day. But whatever might be the immediate decision of the people on the 11th of September, the consequences were favorable and decisive. The obstacles then thrown in the way of the submissions were the expiring effort of the party. Abandoned by their leaders and by a large majority of the rioters themselves, who had taken shelter under the amnesty, seeing clearly that they were reduced to an insignificant minority, conscious of their guilt, and afraid of punishment, the few perverse and obstinate at length renounced their wild and pernicious schemes. The certain news of the assembling the militia completed the work, and peace was restored. Although no certified opinions were given the commissioners that offices of inspection could be immediately and safely established, the committee of the townships of Fayette County wrote, on the 17th of September, to the governor of the State, that "they had no doubt of peace being fully re-established and a perfect submission taking place in that county, provided it was not interrupted by some new acts of violence elsewhere." They add that "still, however, a certain degree of heat existed as well in Fayette as in the other western counties, and that some time would still be necessary to operate a complete restoration of order and a perfect submission to the laws." Their ideas in that respect correspond with those of the commissioners; but they differed from them in the opinion that an

army was necessary to accomplish those objects, and thought that the allowance of a longer time for reflection would alone be sufficient. Many men of influence and information in the other counties, and some in Fayette, most indeed of those that conversed with the commissioner, who remained in the western country till the 16th of September, were, however, of opinion at that time that the laws could not be executed without the assistance of a military force; but in less than two weeks after the same men had adopted the sentiments of the committee of Fayette. On the same day the same committee, with a view to counteract any combinations that might be set on foot by the violent party, recommended to the people to form associations for the purpose of preserving order and of supporting the civil authority. It was not found necessary to carry even that measure into effect, every danger of violence being immediately after discovered to be at an end.

The report of the commissioners is dated the 24th of September, and is grounded on documents and information received as late as the 16th of the same month. On the 19th the Legislature of the State had passed the Act granting bounties and an additional pay to the volunteers and militia employed in suppressing the insurrection. The President, on the 25th, issued his proclamation (grounded on the report of the commissioners of the preceding day) ordering the actual march of the army. The rendezvous of the Pennsylvania and Jersey militia was at Carlisle. They left that place on their march to the westward on the day of October.

On the of September the town of Pittsburg, by resolutions printed and now before the House, annulled the former resolutions they had adopted for expelling certain citizens, declaring those resolutions to have been the effect of policy, and that they were no longer bound by them. On the 25th of September the grand jury of Washington County, in their answer to the address of Judge Addison, which is printed and has been sent to the House, declared their unanimous concurrence and approbation of the sentiments expressed in the charge, and their opinion that if printed assurances of submission were distributed through the county they would generally be signed.

On the 2d of October the members who composed the first meeting at Parkinson's Ferry, having met at the same place, unanimously agreed to resolutions by which they adopted for themselves the assurances and declarations of submission which had been required by the commissioners; declared that, in their opinion, there was a general disposition in the four counties to submit to all the laws of the United States and a determination to support the civil authority; and also that the principal reasons why the signatures of submission had not been universal were the want of time and information, and, with respect to the greatest number, a consciousness of their innocence and an idea that their signature would imply a sense of their guilt. Those proceedings, which are signed by Alexander Addison, secretary, took place twelve days before the election, and require no comment.

Messrs. Findley and Reddick were appointed by that committee to wait on the President of the United States, in order to represent to him the state of the country. They went accordingly, and I will state to the House what I understood, from a verbal report made by those two gentlemen to a subsequent meeting, to have been the result of the conference. I would wish to be cautious on that head; for I feel that, speaking from memory, and repeating what was merely verbal information, the recital is liable to mistakes. If I commit any mistake, however, it will arise from the sources I have mentioned; nor indeed do I give my statement as positive information, but only as the impression made upon my mind by the relation I heard. I would have been altogether silent on that subject were I not afraid to be accused of omitting a necessary link of the transactions I relate.

Amongst other general observations I am told that the President mentioned that there were two great objects in view in the calling out the militia: the first to show, not only to the inhabitants of the western country but to the Union at large, and, indeed, to foreign nations, both the possibility of a republican government exerting its physical strength in order to enforce the execution of the laws when opposed, and the readiness of the American citizens to make every sacrifice and to encounter every difficulty and danger for the sake of supporting that

fundamental principle of government; and the second, to procure a full and complete restoration of order and submission to the laws amongst the insurgents. The first object, the President added, was fully attained, and no doubt could remain, from the success of the experiment, of the practicability of a republican government, although extending over a large territory, supporting itself, even in the case of a disobedience of any part of the body politic. On the second head it was observed, in the first place, that, although the last meeting had given it as their opinion that there was an unanimous disposition to submit to and support the laws, there was no positive, unequivocal, and explicit declaration that offices of inspection would be immediately and safely[1] established; in the next place, that whatever might be the grounds of the opinion of the meeting, until the law was

[1] It having been observed in reply to this part of Mr. Gallatin's speech that it had been reported, and was at the time generally understood throughout the army, that Messrs. Findley and Reddick, upon being asked whether offices of inspection could be immediately and safely established, had answered that they could not be opened with safety except in a garrison; Mr. Findley gave to Mr. Gallatin a written statement of the fact which had given rise to that report. The substance of that statement Mr. Gallatin laid before the House in a subsequent reply, and is as followeth. Mr. Andrew McFarland, brother to the McFarland who was killed at the attack of General Neville's house, but who, so far from being concerned in the same business, had been personally insulted by the rioters, requested Messrs. Findley and Reddick to mention to the President that so certain was he of the disposition of the people of his neighborhood (along Monongahela River on the borders of Washington and Allegheny Counties) to submit to the laws, that he would have no objection to an office being kept in his own house. Messrs. Findley and Reddick asked him whether he would consent to it, whoever the officer might be; to which Mr. McFarland answered that he would not, as it was possible that a man might be appointed against whom the popular prejudices were yet too violent; but that in such a case it would be best to open the office for the county of Allegheny in the garrison of Pittsburg, which could be done without any inconvenience. When Messrs. Findley and Reddick were giving to the President their opinion that in future there would be a general submission throughout the country, they mentioned that they were not fully informed of the disposition of the people in that part of the country where Mr. McFarland resides, but stated the conversation they had with him. But they gave it as the opinion of Mr. McFarland, and not as their own opinion or advice, and as relating not to the whole country, but to a particular district.

actually carried into operation it was only an opinion, and that the general expenses of the campaign being already incurred, and the great sacrifices of individuals being already made, there remained no motive sufficiently strong to induce the magistrate, whose duty it was to enforce the execution of the laws, to run any unnecessary risk by intrusting that care to the exertions of the country itself as long as any doubt might remain of their sincerity or power; the force embodied being fully competent to that object, and so far on their march to the intended spot. The President added, that, as the amnesty which he had once offered through the commissioners had not been universally embraced by the offenders, some atonement for past offences had become necessary. Messrs. Findley and Reddick, in order to give a test of the disposition of the country, wished that a list of the offenders intended to be brought to trial might be sent to the western country, as they knew, from the reformed temper of the people, that those culprits would surrender, or might be apprehended without difficulty. This was declined, for what reasons I have not heard; but I can easily conceive that granting the request would have been improper on a variety of grounds. Permit me to add, although it is not altogether in point, that, in the course of the conversation, the President testified his astonishment that there had been any difficulty in convincing any description of persons, however ignorant they might be, of the propriety and necessity of submitting to the laws, it being a question so simple and self-evident. Messrs. Findley and Reddick, in answer to this remark, having mentioned the same causes that I have before alluded to, and particularly that the most ignorant class had, in fact, but one day to make up their minds, the President observed that it would have been highly grateful to have indulged his wish that the proposals of the commissioners should receive a full and fair examination, so as to be perfectly understood and maturely weighed by the whole body of the people to whom they were addressed, before they were presented for an ultimate decision; but the symptoms which had appeared in other parts of the Union, the season of the year, and the imminent danger of suffering the winter to elapse without an effectual suppression of the disorders, had not per-

mitted him to protract the period for amicable negotiation, or to suffer any further delays in embodying and marching the army.

Messrs. Findley and Reddick, on their return, communicated the circumstances of information, which I have recapitulated, to a meeting of the committee of townships, held at Parkinson's Ferry on the 24th of October; and, in consequence of this communication, resolutions were adopted expressing the opinion of the meeting that offices of inspection could be immediately and safely established, and that the civil authority could be supported without the assistance of a military force; recommending to offenders to surrender, and declaring their readiness to surrender themselves if there were any suspected persons amongst them, and to assist in bringing others to justice if they refused to give themselves up. During the absence of those two gentlemen the election had been held on the 14th of October, and written assurances of submission had been universally signed throughout the country. In the county of Fayette the people, on the day of the election, appointed several persons for the purpose of providing accommodations and subsistence for the army then approaching. On the same day the inhabitants of the only district of that county where a majority of those who attended on the 11th day of September had declared for resistance, unanimously agreed to sign assurances of submission.

Having thus given a general narrative of the material facts connected with the unfortunate events which we all deplore, I shall not enter into a discussion whether those facts are sufficiently proved to be admitted as legal evidence upon so important a question, but confine myself to an examination how far they justify the assertions on which the resolution before us has been grounded.

The resolution supposes, in the first place, the existence of a general insurrection of the four western counties. I believe it unnecessary to say much more on the idea of the insurrection having originated in a previous general combination founded on the meetings and resolutions that had taken place or had been adopted at different times in the western country. To what I have already said I will only add that, from the meeting of Pittsburg, in August, 1792 (which, as has already been men-

tioned, was followed by an uninterrupted tranquillity of fifteen months' continuance), no public meeting, no meeting that ever came to my knowledge, no meeting that ever has been mentioned, either in this House or elsewhere, was held in the western country for the space of near two years, nor, in short, until the late disturbances had actually begun.

By what fact, then, is the supposition of a general insurrection of a majority of the inhabitants of the four western counties to be supported? The attack of General Neville's house was chiefly owing to accidental causes, and is of a local nature. The conduct of the distillers and people of Fayette County at the time of the marshal serving processes there, and at their subsequent meeting, excludes altogether the idea of previous combination, or of a wish to support the rioters. The meeting at Braddock's Field includes a greater number of individuals; but the criminal combination seems to have existed only in its promoters; and even supposing, what is not true, that all who attended there were involved in the original crime, that combination will embrace only a part of the counties of Washington and Allegheny. It may be proper here to remark that upon that meeting, undoubtedly the most prominent feature of an insurrection or of a combination to take up arms, there is not before the House one official document, nor even a single unauthenticated paper of any sort, except the two letters which have been mentioned before, and the Pittsburg resolutions.

But it is said (I have heard for the first time the doctrine advanced on this floor, and have heard it with astonishment), it is said that the meeting held at Parkinson's Ferry on the 14th of August is in itself a proof of a general insurrection. For my part, I never, before this day, thought myself obliged to justify those friends to order who attended the preceding elections or the meeting itself; although I have tried to apologize for the neglect of those who did not. How a meeting whose ostensible object was perfectly innocent, and whose actual conduct, notwithstanding the critical circumstances under which it was held, was in no part criminal, can be given as a proof of an illegal combination, I cannot understand. But the doctrine is not less dangerous than absurd. It goes to support an idea that

whenever riots shall take place, or a mob grow dangerous, instead of trying by every means of persuasion to induce the offenders to desist, it is the duty of good citizens to keep aloof, to suffer the whole country, under the dominion of a mob, to become a prey to anarchy, and to risk the event of a general rebellion, rather than attempt to recall to a sense of duty as many of their fellow-citizens as they can.

Not only the object and the conduct of the meeting were unexceptionable, but its effect and consequences were highly favorable. It was that meeting which restored order and internal peace; it was that meeting that first stemmed the torrent, which thenceforth ran in a contrary course. From that moment, though threats were offered, no acts of violence were committed, unless we call by the name of violence the last effort made on the 11th of September, by some of the most ignorant and obdurate, to obstruct the signature of the assurances of submission. At every subsequent meeting the friends of government gradually gained ground. The conferees, with a single exception, approved and promised to recommend the proposals of the commissioners. The meeting of Brownsville, composed as it was, so far from doing anything criminal, went one step farther than the first Parkinson's Ferry meeting, and by declaring that, in their opinion, it was the interest of the people to adopt the proposals, in fact recommended their adoption. And, in fine,—not to speak of the resolutions adopted afterwards at different times by the inhabitants of Pittsburg, the grand jury of Washington, and the committee of townships of Fayette,—the second and third meetings of Parkinson's Ferry, composed of the same persons who attended the first, gave full and complete assurances of submission and of the general disposition of the people to support the civil authority. A bare recital of the facts evidently shows that whatever criminal combination existed was partial, local, and accidental; and that whenever the inhabitants of the four western counties combined, or acted in concert, the object and the conduct of their meetings were, at least, innocent, and the consequences highly beneficial.

But the resolution under consideration, proceeding on the same erroneous system of supposition, infers that an insurrection of the

four counties existed on the 14th of October, at the time of holding the elections.

The assertion is not supported by a single document, by evidence, or by any species of proof whatever that relates to any fact which occurred subsequent to the 16th of September; and it appears by the report of the commissioners that on that day a considerable majority of the inhabitants were disposed to submit. Every posterior fact is a proof of the complete restoration of order and of that universal submission which had but partially taken place before. Must I once more, in order to prove the truth of my positions, enumerate the recall of the citizens who had been expelled, the answer of the grand jury of Washington, the several declarations and resolutions of the county of Fayette, and the resolutions of the Parkinson's Ferry meeting of the 2d of October? To these I may add that a proof of the civil authority being fully re-established is to be drawn not only from the general tranquillity of the country, not only from the courts sitting, as customary, without interruption in the four counties, and transacting every kind of business during the month of September, but also from the incontestable evidence of the service of warrants, by which individuals were arrested and even imprisoned, previous to the election, for positive threats or upon suspicion of intention to commit new outrages after the 11th of September. But, whilst I mention this, it is proper that notice should be taken of an objection which may be, and has been, raised on this subject. Why, it is said, were none of the offenders during the insurrection arrested till the army came into the western country? It may be answered, in the first place, that, as the offences had been but local, the objection is but partial, and that if it is at all valid it applies not to the people, but only imputes an unwarrantable negligence to the judicial officers living in the parts where the offences had been committed. But it is in my power to give a more satisfactory and direct answer, and which exculpates the officers as well as the other inhabitants. As early as the first week of September, the time at which the court for Allegheny County sits, some individuals of the grand jury for that county applied to Judge Addison in order to know whether, according to their oath,

they ought not to find bills against the offenders in the late riots. Mr. Addison was of opinion that, the Federal and State governments having offered an amnesty upon certain terms, it would be improper for the State courts or inferior officers to interfere until the effect of that offer was ascertained and government had decided and declared who were to be entitled to the amnesty. Not wishing, however, to rely altogether on his own opinion, Mr. Addison consulted the chief justice of the State, then at Pittsburg, on that subject. The chief justice concurred in the opinion of Judge Addison, and the grand juries of the respective counties were accordingly directed not to interfere. It will appear, by the report of the commissioners, that the signed instruments giving assurances of submission were immediately delivered to one of their number, who transmitted them to the seat of government. An ignorance of the names of the signers, and of the latitude that government would give to the amnesty, a general information that the most important characters who had been concerned in the tumults, and were supposed to be the only proper objects of punishment, had signed the list, and a knowledge that some of the first judicial officers of the government of the Union meant to investigate the subject conformable to the instructions which they might receive, concurred to render it equally difficult and improper for the State officers to interfere before the arrival of the army. Many of those who had been supposed to be innocent, or to be sheltered by their submission, are now amongst the prisoners or the proscribed.[1] Some of those who, it was thought, might eventually be included amongst them, were not taken up. The general government seems to have acquiesced in the idea, for no instructions were forwarded to the State officers, and the list of offenders that was asked by Messrs. Findley and Reddick was refused. Upon the whole, the arrests that eventually took place seem satisfactorily to show that the causes which I have thus recapitulated, and not

[1] Not to speak of several others, David Bradford had signed the assurances of submission on the day required. Would it have been proper to arrest him until government had declared that his conduct previous to that day, but subsequent to the 22d of August, must deprive him of the benefit of the amnesty?

a want of strength or willingness in the civil authority, were the real causes why process was not issued against the offenders during the insurrection.

To these considerations must be added another, which, to every candid mind, must carry a conviction of the actual pacific situation of the country after the 11th of September. Not only no outrage took place after that day, but no embodying of men, no combination, no meeting, no preparations of any kind whatever were made or proposed with a view to offer a shadow of resistance to the militia of the United States. After the army was collected and on their march, the people must have known, and indeed perfectly knew, that there was no alternative but to submit to the laws or to oppose their fellow-citizens who came to enforce obedience. If no person either prepared or proposed that preparations should be made to resist the army, does it not clearly follow that the disposition to submit (no matter from what causes) was not merely general but universal?

It is said, however, that although there might not be any actual insurrection at the time of the election, it may at least be fairly supposed that a spirit of insurrection still existed at that period, and in some degree influenced the elections.

Whenever we enter the field of suppositions we abandon the solid ground of proof supported by facts, substituting our opinions, or rather our wishes, for truth and evidence. Is this the foundation upon which the supporters of the measure mean to rest the disfranchisement of fourteen thousand citizens? What inference, however, what conjecture, since the evidence of facts is either wanting or rejected, can give any shadow of probability to that supposition? From the face of the returns it appears that the elections were neither more nor less numerous than, upon an average, they have been in preceding years. No conclusion of any kind can, therefore, be drawn from the number of those who attended, except that the situation of the country was similar to what it had been upon former elections. It is not alleged that any acts were committed upon that occasion that ought, or could, invalidate the elections. On the contrary, we are able to prove, by indisputable evidence, if it is required, that they were fairly conducted, uninfluenced by fear or violence,

and perfectly "free and equal." Does the fate of the elections justify even a suspicion of the prevalence of a spirit inimical to government? The persons elected are, in a great measure, the same who had, upon former occasions, received similar testimonies of the confidence of the people; and many, both of the old and new members, were distinguished amongst the known friends of order and government. Could the people of Allegheny County give a more strong and convincing proof of their disposition than by re-electing for their representative in this House one of the citizens who had been so unjustly expelled during a moment of frenzy,—the son of the inspector of the revenue for that survey? As to another individual, who on that day was elected a member of this House by the county in which he resides, and, without his knowledge at the time, a member of Congress by another district, permit me to say that his double election also shows the sense of the people at large to have been in favor of peace and submission. For, whatever may have been, or now are, the popular clamor and the transient prejudices against him in other parts of the State, it was well known, at least in the western country, that no person had taken a more early, active, or successful part in allaying the flame and opposing the spirit of insurrection. Were the people of Fayette County actuated by a spirit of resistance to the laws when they, in the very act of electing, appointed persons for the purpose of preparing the necessary subsistence for the army?

Here I must take notice of an objection of the most extraordinary nature, made with an intention to invalidate the election of Westmoreland County. It is said that a military force was at that time at Greensburg. That assertion, of which no proof has been offered to the House, rests upon this fact. One of the persons who, as I have mentioned, was arrested after the 11th of September, had been imprisoned in Greensburg for reporting that some of those inhabitants who had refused to submit meant to burn the town, and for having refused to give the reasons he had to spread that report. At the same time, it was thought prudent to raise a few militia as a guard, in case such design did exist. The report was soon found, however, to be totally groundless; while, on the contrary, universal submission evi-

dently prevailed. The militia were, therefore, continued in array for the sole purpose of showing that the county was able, by its own strength, to preserve order, and to suppress every kind of outrage, if outrage was attempted; and now, what was intended as a proof of a disposition and power to support the laws is perverted into a symptom of anarchy by the same gentlemen who accuse us for want of proper spirit in not arresting offenders. It is only necessary to add that such of the militia as attended the election were unarmed. But I wish to remind those gentlemen who tell us of the laws of Great Britain, by which troops are to be withdrawn at a distance from the places of election, and of the law passed last year by the Legislature of this State on the subject of the elections to be held by the enrolled militia and volunteers, that the elections of the county of Allegheny have always been held at Pittsburg, where a Continental garrison has for a number of years been stationed, and where the whole army, under the command of General Wayne, was encamped two years ago, at the time of the general election.

But, sir, I would wish to know, if a spirit of insurrection existed at the time of and influenced the elections, at what period that spirit expired. If it is said that the arrival of the army extinguished it, it must have been owing to the fear and not to any act of the army. If fear was the only cause of submission, the spirit of insurrection, although suppressed in appearance, must be supposed still to exist. Again, taking it for granted that the fear of the army alone quelled the riotous spirit, that fear operated with equal force when the army was in full march as when it had actually entered the country; for it is declared that the terror of their approach was sufficient to subdue the insurgents. If so, I cannot discover what change has taken place in the minds of the people since the election. If the late elections took place under the influence of *fear* of the army, let me ask, What change can be produced by new elections? Unless, indeed, it is expected they will be influenced—by the *presence* of the army.[1]

[1] There is now a body of militia or volunteers enlisted for six and nine months, said to amount to about 1000 men, stationed in the western country by virtue of the law passed by Congress during this session.

From the various lights in which I have now considered the subject, I think myself authorized to conclude that the assertions contained in the resolution offered for the adoption of the House are unsupported by proofs, are contradicted by facts, and cannot even claim the feeble and delusive aid of hypothetical conjecture and doubtful inferences. I confidently repeat that, after the 11th of September, every positive fact and every presumptive proof are in favor of the representatives of the western counties, or, rather, in favor of their constituents.

The resolution itself, in its present shape, is liable to several other objections. Why are the four counties blended in the same resolution? The proclamation of the President did not include the four counties; and if it was necessary to embrace in this question Fayette and Westmoreland, I cannot conceive why Bedford, Cumberland, and Northumberland are excepted. Similar symptoms of disaffection took place in the three last-mentioned counties; and there was not a single act committed in Fayette County that has been called a sign of insurrection that did not likewise occur in Bedford. In both counties, poles were erected; in both counties, the office of inspection was suppressed; in both counties, supposed offenders were arrested only after the arrival of the army and after the election. To this I may add that in Fayette County, where no person was sheltered by an amnesty, as no person had signed the written assurances of submission, only four individuals have been either arrested or proscribed; and two of them have been admitted to bail. But I will repeat the question: Why are the four counties blended in the same resolution? The supposed spirit of insurrection might have an effect upon some of the elections and not upon the others. I cannot see any sufficient reason, but I may perceive the motive. Upon the principle that members cannot vote on the question of the validity of their own elections, it has been publicly avowed that the eleven western members must be deprived altogether of a vote on the present resolution. This principle applied to several counties thus combined in one resolution is unjust and absurd; for, upon that principle, it would be in the power of any number of members, greater than one-fourth of the whole, who should cabal for that purpose, to expel, on any pretext, any

number of members less than one-half of the body.[1] Supposing, therefore, that the House has any jurisdiction in the case before us, and that the interested members ought not to vote in their own case, the question must be put separately on each county, if any regard is to be paid to the principles of justice and common sense. But, have the House any jurisdiction? This fundamental question remains to be examined.

As the power of deciding the present question is not, in any part of the constitution, expressly vested in this House, it must either be supposed to be inherent, from its nature, in each branch of the Legislature, or it must be derived, indirectly and by implication, from some of the provisions of our social compact.

The power is not inherent in the House, or, in other words, it is not one of those powers which, from our form of government, must necessarily reside in either branch of the Legislature; for the principle of our government is that the judiciary and legislative powers should be kept distinct; that legislative powers alone should be exercised by this House, except where, from reasons of convenience, powers of a different description are expressly delegated. The power claimed with respect to elections is not that of establishing general rules, that is to say, of legislating; but of applying such rules to a special case, that is to say, of judging. I apprehend that the idea of an inherent power in the House arises from the habit of seeing a similar one uniformly exercised by the House of Commons in England, and, indeed, by every legislative branch of every government in the United States. In the latter case, the authority is derived from the express powers that are given by the respective constitutions; in the former, it arises from the nature of the government of Great Britain. In that country, the House of Commons being the only popular branch, the only body by which the people were, either directly or indirectly, represented, it was highly necessary and essential to the preservation of the freedom of choice that no authority not derived from the people, whether

[1] Thus, in a body consisting of 80 members, 21 combining together might expel 39; for, by first preventing the 39 interested members voting, there would remain 41 who would form a quorum, and the 21 combined members would be a majority of that quorum.

effected by the hereditary nobility, the hereditary executive, or the judiciary (who owe their existence to the executive), should be suffered to interfere in the decision of elections. Hence the Commons, supported by the uniform voice of the people, have with success repelled every attempt of the Crown, of the House of Peers, or of the courts of justice, to claim a jurisdiction on that subject; establishing, with inflexible spirit, an exclusive privilege to try every case relative to their own elections. Yet that privilege, necessary to preserve the right of the people to elect from the attacks of those orders which, in that country, form a distinct class from the people, has in some instances been so perverted and abused by corrupt and despotic Houses as to be rendered an engine to destroy or restrain that liberty and purity of elections which it was meant to protect. The case of Wilkes, on the Middlesex election, is too well known to require any comment. And the improper exercise of that species of judiciary power in common instances became so flagrant and so disgraceful that the House of Commons consented to relinquish it, and accordingly, by an Act of Parliament, known by the name of the Grenville Act, the jurisdiction was vested in a committee of the House, the members to be selected by lot and to be bound by a special oath for each specific occasion. Here it is not improper to observe that the supreme will of the Parliament being paramount to any charter or constitution which may be supposed to exist in England, it had the right to vest that jurisdiction wherever it pleased. Such, however, is not the case in the United States; for the Legislatures, having certain and defined powers, regulated by the supreme will of the people as expressed in the respective constitutions, cannot part with or vest elsewhere any authority which the people have thought it best, for their own advantage, to lodge with them. On this principle, the attempts that were made in Pennsylvania under the former constitution, and which have been made in the House of Representatives of the United States under the present constitution, to refer questions of that kind to a select committee, have been constantly rejected; for, by both those constitutions, the power of trying the respective elections was expressly vested in each branch of the Legislature. If the representatives of the people

cannot part with any power vested in them by the constitution from which they draw their being, much less can they enlarge their own powers, or assume a jurisdiction which the people have not given to them, or have intrusted to other hands.

Leaving, therefore, the theoretical doctrine of inherent power, let us turn to the constitution itself, and read whether the people have not precluded us from any decision on the question now under discussion by expressly referring it to another tribunal. "Each House" (says the constitution of Pennsylvania, Art. 1, Sect. 12th), "Each House shall judge of the qualifications of its members. Contested elections shall be determined by a committee, to be selected, formed, and regulated in such manner as shall be directed by law." The Constitution of the United States, the former constitution of Pennsylvania, all the existing constitutions, I believe, of our sister States, have expressly vested in each branch of the Legislature the power of judging of the qualifications, returns, and elections of their respective members. The present constitution of Pennsylvania alone stands an exception to the generality of the theory. The people of Pennsylvania, taught by their own and by the experience of other nations, have not deemed it expedient to intrust to either House the power of judging of the returns and elections of their own members. In order to preserve the freedom and equality of elections; in order to protect the only efficient political right which they have reserved, the right of electing, from the attacks of a corrupt or despotic House (the only ones that could, by our form of government, become dangerous), they have, in the same instrument from which alone the Legislature derives any right to deliberate and act on any subject whatever, declared that the validity of elections shall be tried by a committee, and not by the respective Houses.

In order to evade a positive clause of the constitution, for the sake of carrying a favorite object, it is alleged that the case now under consideration was not foreseen, and is not included in the section I have read. Was that assertion true, it would not follow that it is to be tried by this House, since there is no power inherent in them to judge of elections. But the assertion is warranted neither by the letter nor by the spirit of the con-

stitution. The clause says that *contested* elections shall be tried by a committee; does a resolution, which declares certain elections to have been unconstitutional and void, *contest* the validity of those elections, or not? The answer is obvious to the most uninformed and narrow understanding; the question, stated by the resolution, is literally included in the clause of the constitution. If we turn to the minutes of the convention which framed that constitution, we find that the clause, as it stood in the first draft presented for consideration by a committee, was, verbatim, the same with the corresponding clause of the Constitution of the United States. "Each House shall be the judge of the elections, returns, and qualifications of its own members."[1] The convention not inadvertently, but taking that clause under consideration, adopt, in lieu of it, the present one; expressly take from the House the whole power of judging returns and elections, and give it to a committee. Had they meant to take only part of the power, and to vest in a committee a jurisdiction confined to certain cases, they would have defined those cases, and expressed in some manner the authority which they meant upon other occasions to give to the House; but the power by the original clause extended to elections in general, under every possible circumstance and in every possible case, and the present clause, being the only substitute to the one first proposed, includes, therefore, every case comprehended in the original one. Nay, the convention substitute the present section for the provisions relative both to elections and returns as they were first projected. The convention wished not to leave with the House even an opportunity of interfering, in the least degree, on that head, and for fear that, under pretence of judging of returns, there should be an attempt to claim a jurisdiction on the validity of the elections themselves, so that by setting aside a return as informal or false the election itself would, in fact, be set aside, they altogether take from either branch of the Legislature the power of judging of the returns.

Here it may be asked upon what principle the convention

---

[1] See minutes of convention, page 40, and page 32 of minutes of committee of the whole of same body.

left to the House the power of judging of the qualifications of their own members. The answer is obvious: those qualifications were expressly defined by the constitution, and the House in that instance have nothing to do but to examine whether the members returned have those qualifications. The inquiry must depend upon a few facts, and the rules upon which the decision is to be grounded being, therefore, few in number, simple in themselves, and exactly defined by the constitution, the House were competent judges, and there was little danger of the power being abused. But the validity of elections depending upon a variety of facts, the grounds upon which they might be attacked being numerous and unforeseen, and, of course, the rules by which they were to be judged being various, complicated, uncertain, and liable to different constructions, the jurisdiction is taken away on account of the latitude it would have given to the exercise of opinions uncontrolled by special ties or by positive and specific laws, and often biassed by interest, party spirit, and prejudice.

So doubtful were the movers of the resolution as to the jurisdiction of the House, and to the grounds on which the subject was to be treated, that they first presented a proposition declaring that the House, being the judges of the qualifications of its own members (which could not be denied), it should declare the western members to be disqualified. Why?—not because those members were, in fact or in law, personally disqualified or incapable of taking their seats; but, by a new kind of logic, because the country being, according to their general assertion, in a state of insurrection, the electors were thereby disqualified and rendered incapable of electing. As they soon, however, discovered the fallacy of such a position and withdrew their first motion, substituting the resolution now under consideration, it will be sufficient to observe on that head, 1st, that a citizen's qualifications, being by their nature personal, cannot depend upon the qualifications of others, whether electors or not; 2dly, that the qualifications of members being exactly defined by the constitution, no authority derived from that constitution can either add to or diminish them; and, lastly, that if that construction was given to the constitution, the House might upon

the same principle judge every possible case of contested elections, since they might, upon every possible ground of contest, decide that the invalidity of the election disqualified the member elected.

But it is said that the law enacted in conformity to the clause of the constitution has provided only for cases where the election is contested by petitions, signed by a certain number of qualified electors; that, of course, the law does not include a case similar to this, a case of insurrection or invasion, since in neither case petitions would or could be transmitted; and arguing from the supposed absurdity that no remedy should exist for such cases, when the bill of rights has emphatically declared "that elections shall be free and equal," it is contended that the House must, as guardians of the constitution, adopt the mode proposed by the resolution.

As to any arguments drawn from the clause of the bill of rights, it must be observed, in the first place, that the clause is only a declaratory and general one, which does not give any power, but is, on the contrary, in the nature of a reservation of power; and, in the second place, that the manner in which the people meant that that declaratory clause should be carried into effect is provided for by several clauses of the constitution (such as those which regulate the qualifications of the electors and of the elected, which preclude arrests on the days of elections, &c.), and amongst others by the very clause already dwelt upon, which, as one of the strongest barriers of that sacred principle "that elections shall be free and equal," expressly forbids the House any interference in deciding questions on their validity, by vesting that power exclusively in a committee.

But it cannot rationally and fairly be said that the present question, similar to the case of an invasion by an enemy or of an actual insurrection, could not have been tried according to the provisions of the law. A clear proof that the regular petitions could be presented is, that a petition, signed by thirty citizens of one of the counties, was actually presented and now lies on the table; and that it was not made the foundation of a trial according to law by a select committee is obviously owing to the neglect of the petitioners, who did not send the certificate required

by law that they were qualified electors. After the mistake was discovered, the ingenuity of some gentlemen suggested the idea of a direct interference of the House, without any regard to petitions or select committee, to the provisions of the law or of the constitution.

It is, however, true that the law enacted in conformity to the clause of the constitution has not provided for the trial of elections in cases where they may be contested by individuals who are not qualified electors of the proper county, and that there may be cases in some measure similar to the present, such as actual invasion or insurrection, for which there is no existing remedy by the present law. But it does not thence follow that because there is no existing remedy the House may assume a jurisdiction. This, indeed, would take place in the House of Commons in England, who, having had a right prior and paramount to the Grenville Act, would of course take cognizance of any cases not provided by that Act. But in Pennsylvania it is necessary to distinguish between a case not provided for by the constitution and a case not provided for by law. In the first instance, although it may not be an absolute consequence that the House should claim the power, yet there may be nothing absurd in it. But, whenever there is an express remedy by the constitution, it is as absurd as dangerous to suppose that the Legislature, by neglecting to enact the law which was to modify and effectuate that remedy, or by providing only for certain special cases, should thereupon have a right to assume a jurisdiction over every subject for which they refuse or neglect to provide. Admit this doctrine, and in order to amplify the jurisdiction of each House beyond the portion of delegated authority, it was only requisite to forbear from passing any law on the subject, for then, no remedy being provided for the trial of contested elections, each House might have judged of every case in direct violation of the constitution. The case of an actual invasion, or any other case not yet provided for by law, is similar to that of an unforeseen crime, to the commission of which no punishment has been annexed, and which must remain unpunished until the law shall have enabled the judge to act.

But the principle of the House having jurisdiction in this case, or in any other case not provided for by the law, will bring us to the same predicament as if no law whatever had been enacted for the trial of contested elections in pursuance to the provisions of the constitution. For, whenever petitions shall not be presented against an election, or, to put the case more strongly but not less truly, whenever the decision of a select committee, on a petition tried according to law, shall be disagreeable to the wishes of a majority of the House, they may, *as guardians of the constitution*, and in order to preserve the elections *free and equal*, take up the business, and for any cause, real or supposed, which they shall please to suggest, whether a riot, bribery, the disqualification of electors, or fraud of any kind, they may set aside any election whose fate is obnoxious to party, or whose merits have been prejudged by passion.

To conclude, if this be a question of elections, I may perhaps perceive on this floor prosecutors, but I see no judges. If it is not a question of elections, what is it? It then can be nothing else than a disfranchising, retrospective act. If there exists anywhere a power to disfranchise the citizens of one-sixth part of the State, that power is, undoubtedly, of a legislative nature, and must be exercised by the Legislature and not by a single branch. It is supposed that the clause of the constitution which forbids the passing any ex-post-facto law may be evaded by carrying the measure through the means of a resolution of each House separately, instead of making it the Act of the Legislature. When Shays' rebellion occurred in Massachusetts, the Legislature of that State passed a law to prevent those concerned from voting at the ensuing election. When the Legislature of this State was in session in last September, and, within less than a month before the election, passed an Act to suppress the western insurrection, why did they not at the same time, as guardians of the constitution, and to preserve the elections free and equal, pass also a law similar to that of Massachusetts, disfranchising the insurgents, and prohibiting an election in the western country? When we see the gentlemen who brought forward those measures, that were thought necessary to quell the insurrection, silent, at the same time, on the doctrine which they originate at pres-

ent, may it not be conjectured that, in fact, they object to the *event of the elections*, and not to the *elections* themselves?

If any precedent were necessary to evince how wantonly a jurisdiction is claimed and meant to be exercised on this question, I might adduce the case of Luzerne County. The contest which, at a former period, gave rise to disturbances in that part of the State is well known. I find, by the minutes of the Assembly of the 27th of October and of the 8th of November, 1787, that messages were received from the supreme executive council mentioning "that since the last session (which had terminated in September) there had been a renewal of the disturbances at Wyoming, some restless spirits having formed a project of forming a new State, to be carried into effect by an armed force; . . . and, as the danger of the State appeared to be pressing, . . . the council recommended it to the General Assembly to adopt effectual measures for enforcing the laws of the State in the county of Luzerne, which they were of opinion could not be done without a permanent force." Council add that "the expulsion of the commissioners from Wyoming would occasion a delay in the execution of their duty under the late law, &c." Yet, in that case, where the officers of government had been expelled, where the law was thereby prevented from being executed, where there was a project of forming a new State through the means of an armed force, and where a permanent force was thought necessary to enforce the laws; in that case, where the disturbances had begun before the election and were not composed three weeks after the election, the member elected by that county at the very moment of tumult and insurrection had taken his seat, held it when the message of the executive council was delivered, and no attempt was even made to dispute his election. At that time, too, the Legislature, acting under the former constitution of the State, had full power to decide every case of the kind.

Shall it be said that this is one of those questions on which imperious necessity must oblige the representatives of the people to throw a veil over the constitution, on which the salvation of the country impels them to overleap the constitutional boundaries of their power! Permit me to repel so groundless an idea

by a few observations on the policy and probable consequences of adopting the proposed resolution.

I know that at a period when it was necessary to rouse the militia of the United States, and especially of Pennsylvania, who were naturally averse, without evident necessity, to take up arms against their fellow-citizens, it became an indispensable duty to convince them of the importance of the occasion and of the necessity there was of their marching. As a means of diffusing the spirit of indignation and exertion, it was not, perhaps, thought impolitic to suffer, if not to promote, the circulation of every rumor that could operate to the prejudice of the western country. The inhabitants of that country were represented as enemies to any kind of restraint and to every description of government, "as a banditti forgetful of all obligations, human and divine, and intent only on rapine and anarchy,"—in short, as monsters of cruelty. And the prejudices and misrepresentations thus disseminated seem to be the basis of the present proceedings. It is said that harsh measures alone can bring to a sense of their duty the savage inhabitants of the frontier. I have not attempted to conceal or extenuate the excesses committed during the unfortunate disturbance; but I think that, at present at least, it is unnecessary to encourage a belief that the people there are worse than they really are. Without entering into a defence of their character, it will be sufficient to repel the charges of rapine and cruelty. As to the first, it has not the smallest foundation; during the riots, and the whole period when the restraints of law were so much relaxed, not one instance can be produced of plunder or peculation, either by mobs or individuals. The second is supported by the solitary case of Wilson, in the year 1791, which has already been mentioned. It is extremely unjust to draw an inference against the general character of a people from the wickedness of half a dozen individuals, whose conduct was execrated by all, against whom indictments were found by the unanimous opinion of a grand jury, and whose final punishment for the original outrage was only prevented by those adventitious circumstances which I have related. But a direct and convincing proof of the charge of cruelty being groundless can be produced. It is drawn from the conduct of the mobs and of the

greatest criminals themselves whilst in the very act of committing their most flagrant outrages. The people who attacked and destroyed General Neville's house, after having seen their leader and several of their associates killed or wounded, on the very day on which they finally succeeded, treated with humanity and dismissed without injury the soldiers who had defended the house, and even the very man whom they might suppose to have been the cause of McFarland's death. The same night they had in their possession the marshal himself, and however offensive their behavior towards him might be in other respects, they released him also without any personal injury. I well know that a negative act, if it may be so called, cannot be adduced as a proof of virtue; I do not give it as such, but only to show that, criminal as those people were, they cannot be said, even in their excesses, to have been cruel. Can it be supposed that a mob in England, France, Holland, or in any other part of Europe, would, under similar circumstances, have behaved in the same manner? And why is an attempt made to throw a blemish on that amiable and striking trait of the American character (for those people are Americans),—the horror of shedding human blood? Treat, then, the inhabitants of the western country as Americans and fellow-citizens; and now that their tumults have been suppressed, and their minds restored to reason and a sense of duty, do not, by an indiscriminate punishment, unmerited with respect to the majority, and, with respect to them all, arbitrary and unconstitutional,—do not inflame and disgust where it is your duty to allay and conciliate. Let despotic governments eagerly seize every opportunity which the faults and the temporary folly of any part of the nation may afford them, in order to add new energy to their powers and to justify the arbitrary exercise of a jurisdiction extended to new objects. Such mean and wicked policy is beneath the free governments of America. To amend rather than to punish, to conciliate rather than to exasperate, to strengthen the bonds of union rather than to throw seeds of division, must be the sole design of a government that wishes not its authority to rest upon force and oppression, but knows the confidence and the love of the people to be the only foundation of their existence, the only security for their duration. But

if, carried away by the torrent of a popular clamor grounded on temporary prejudices, you attempt to justify by the specious plea of necessity and public good the assumption of extraordinary and illegal powers; if you suffer yourselves to admit common fame and public opinion as legal proofs, beware of the consequences of the doctrine you introduce,—beware how you overset those barriers which alone can protect us and our posterity from the baneful effects of power that deems nothing unlawful which it is able to accomplish, and of passion that deems nothing sacred which it wishes to destroy. Our security depends not more on the independence of our judges than on the impartiality of the popular branch of our courts of justice,—of the juries. At this moment, within the walls of the prison of this city, on a suspicion of having had a share in the insurrection, are confined many unfortunate persons, already prejudged perhaps by prejudice, but only accused, and not condemned. They are to be tried, not in their own county, but at a distance of three hundred miles from their homes, and their fate depends on the verdict, not of a jury of their own vicinage, acquainted with their private character and the whole tenor of their lives, but on men selected from amongst strangers already biassed against them; on men who hear and see your proceedings, whom this discussion must tend to inflame, and whom, should you fatally adopt the measure that is proposed, you will teach the propriety of substituting the dictates of their own passions for the evidence of proved and ascertained facts. It is by the introduction of similar maxims that in that country which for some years has given us so many useful but terrible lessons of the effects of power abused and passions unrestrained; it is by adopting as truth reports grounded only upon the wishes or the fears of the people; it is by making public opinion, common fame, and popular prejudices the test by which they tried the conduct of individuals, that in France ambitious men, covering their views and justifying their means under the specious names of necessity, public good, salvation of the country, have, for the sake of destroying their political enemies and of increasing their own power, shed upon scaffolds and under the cruel mockery of trials the blood of so many thousands of innocent victims.

I mean not to ascribe improper motives to any member of this House; I believe they all think themselves to be actuated by the most disinterested views; but permit me to doubt whether the minds of some of them are not, unknown to themselves, biassed in some measure by current prejudices and party spirit. Party spirit may appear under more than one shape. If sometimes, assuming the garb of patriotism, it leads individuals into unjustifiable excesses, may it not also, disguised under the cloak of stern justice, hide from its followers those constitutional and legal boundaries which they must pass in order to obey its dictates? However pure the motives of the supporters of this measure, I confidently assert that beyond these walls it will be solely ascribed to the effort of a party meaning to crush their political opponents; that it will be attended with no other consequence than that of inflaming the public mind and reviving those party feuds whose baneful effects have been so sensibly felt by this State at a former period, and which the change of our constitution, mutual concessions, and the general diffusion of more liberal and enlarged views have, within these last years, so happily extinguished. Every well-wisher to the prosperity of Pennsylvania and to the preservation of the Union must be forcibly struck with the danger of former internal dissensions being again revived.

When we consider the various and jarring interests of different parts of the United States, and the necessity of an accommodating spirit in order to conciliate them, we cannot but acknowledge how great an influence the conduct of this State will have on the attainment of that object. The Middle States, but especially Pennsylvania, by her central situation, her commerce, and the manners of her inhabitants, may be looked upon as the bond of union between the Eastern and Southern States. Pennsylvania, too, embraces within her bounds those communications which unite the shores of the Atlantic with the extensive regions watered by the branches of the Ohio and of the Mississippi, and those which border on the Northern lakes. Those communications lie within the limits of those western counties which are the subject of this discussion. These counties have a common interest equally with the citizens of the seaports and with the

inhabitants of the remotest parts of the western country; they are the link which unites all the distant members of the community together. I will freely acknowledge that those counties have been uniformly treated with liberality by the government of Pennsylvania. The taxes laid upon them have been apportioned with a due regard to their situation and poverty. Unworthy jealousies have of late subsided, and they have shared, in common with their fellow-citizens, the prosperity of the State, so far as it was in the power of the Legislature to make them participate in the advantages which other parts enjoyed. By still pursuing a similar conduct you will still more endear the government of Pennsylvania to that sequestered country, and make them forget the difference of interests which in many instances does exist, and the barriers which nature has placed between them and the remaining parts of the State. By pursuing a liberal policy towards them you will secure their attachment and preserve the unity of the State. We shall then be enabled, from our weight and moderation, to reconcile the variances of opinion and interests which divide the Union, and to strengthen those bonds of amity and benevolence that can alone insure the existence of the Americans as an united nation. I will not attempt to trace what might be the consequences of an opposite conduct, for there are things which may be felt but which perhaps should not be described. Every reflecting mind will easily foresee what may, after a term of years, be the probable effect of irritating the minds of a people whose direct communication with the sea will lead to a distance of two thousand miles from the seaport of Pennsylvania, who are separated from you by a chain of mountains of more than one hundred miles in breadth, and whose population daily increases beyond every possible calculation.

Whilst I am speaking of the propriety of conciliatory measures, I do not forget that the object of the resolution proposed may perhaps be rather of a personal than of a general nature. If so, if it be the wish to punish not the people but some of their representatives, you may, by virtue of the 13th Section of the first Article of the constitution, expel such as may be disagreeable to you; and although I conceive from the spirit of the

constitution that power is to be exercised only in case of the misbehavior of the members as members, yet, since the letter itself does not preclude the idea, I would not, on the present occasion, contest the authority of the House to expel such members as they may suppose to have had a share in the late disturbances. But if such be the object of the House, we will put it in their power to attain their ends without attempting a jurisdiction at best doubtful, at all events arbitrary. Before I explain myself any farther, it is necessary to take notice of another question immediately connected with the present one.

We see by the minutes of the Senate that they have refused to adjourn until new elections should take place in the western counties, although they have since declared the former ones to be void. What may be the intention of this House I know not. Arguments on that head would be unnecessary; and if it be really the object of the Legislature first to get rid of the representation of one-sixth part of the State and then to legislate in that dismembered situation; if it be their intention, in order to strike the western inhabitants with a greater respect for the laws and to induce their future submission, to pass laws that shall bind them, without their having any share in the representative body, I have nothing more to say. But if, for the sake of peace and conciliation, private sacrifices are necessary, I cheerfully will make any that depend upon me; indeed, I need not call them sacrifices,—they will be most agreeable to my own wishes,—for a contested seat in this House, under the present circumstances, cannot be supposed to confer any satisfaction to the possessor. My only motive in taking it or defending it is the duty I owe to my constituents,—to a people who have repeatedly placed their confidence in me, and whom I wished not to desert in their present situation; but if any mode can be devised which will not be hurtful to their interests, it will be eagerly embraced.

If, therefore, this House will waive the principle of the main question, and agree to adjourn until a new election shall take place, I am ready to resign not only my seat in this House, but also the seat in Congress, for which I was chosen at the last election, and which does not depend on any determination of the Legislature of Pennsylvania. If an explicit answer is not given

on this subject, it will still be in our power to bring it to a test by a motion of adjournment. Should it be adopted, every patriotic object which the House can have in view may be attained, at the same time that the necessity of establishing an unconstitutional precedent, and of exercising an arbitrary jurisdiction, will be avoided, and the dangerous consequences of the measure now under consideration will be averted.[1]

---

[1] It appearing that all the western members concurred in the sentiments expressed in the last part of the speech, a motion was made that the Legislature should adjourn on the 15th day of January, to meet again on the first Tuesday of February. The question on that motion was taken on the 9th day of January, after the committee of the whole had adopted the resolution declaring the western elections unconstitutional and void, but before it was taken up in the House for a final decision. It passed in the negative by a majority of one,—37 voting for the adjournment, and 38 against it.

APPENDIX.

NOTES.

Page 6. Meeting held at Pittsburg on the 24th of August, 1792.

Some of the persons who composed that meeting assembled again at the same place, together with several other inhabitants of the western country, about one month after the first meeting. They adopted no resolutions, and only adopted a petition to Congress, which had been drawn in conformity to a resolution of the preceding meeting. This is mentioned as an exception to the general assertion made in a subsequent part of the speech, that no public meeting took place in the western country after the 24th of August, 1792, till after the late disturbances broke out in July, 1794.

Page 11. The view of the first aggressors, &c.

Although no apology can be offered for men of information and understanding deliberately planning schemes of resistance, it is to be hoped that the acts of violence committed by ignorant individuals, under the sudden impulse of a gust of passion, may be forgiven by their fellow-citizens. The inhabitants of Pennsylvania enjoyed, by their constitution, the privilege of being tried in their *vicinage;* a word whose technical meaning, both by the laws of England and the custom of this State, is well known to be the county where the party resides, or where the offence has been committed. The exercise of the power (given by the laws of the United States) to drag individuals at a distance of three hundred miles, in order to be tried for neglects or infractions of a law obnoxious in itself, was, therefore, considered as an invasion of one of their most sacred rights by men who had heard that that grievance was redressed by Congress, and who were not probably sufficiently well informed to perceive that the cases for which writs had issued were not within the last law. It is not meant by this observation to throw any reflection on the officers of government, under whose directions the process was issued; for it was their duty to enforce the execution of the laws; and the fault, if any, was with the Legislature, and not with them. But a hope may be indulged that in future (provided

the people shall persist in that disposition, of which they have lately given unequivocal proofs, by finding bills against those offenders whose trial has been intrusted to the county courts) the accommodation of all the citizens will be consulted, the privileges they had always enjoyed will be respected, and the important right of a trial by jury in all its purity will be preserved inviolate.

Page 28. Whether those facts are sufficiently proved to be admitted as legal evidence.

The only proofs offered to the House of any of the facts alleged were, the report of the Secretary of the Treasury, the proclamations of the President, the report of the commissioners appointed to confer with the citizens of the western country, the proclamations and letters of Governor Lee, and the charges of Judge Addison. Some of those documents were official, and sufficiently proved the facts therein contained to enable the President to act according to the provisions of the law; but, although they were official for him, most of them would have been inadmissible as legal and sufficient evidence before a court of justice, and therefore should not have been admitted by the House when they undertook to sit as judges. As to the opinions that may be contained therein, they are only entitled to respect on account of the personal and official character of those who gave them; but still they were only opinions, and not evidence. No mention is made in any of them of the meeting at Braddock's Field, nor any proof given of any outrage committed in the counties of Washington, Fayette, or Westmoreland, nor do they give any account of the proceedings of the Parkinson's Ferry meeting of the 14th of August, and, of course, no inference could legally be drawn from any of those transactions. The only facts stated in any of those documents that have any connection with the insurrection, are the attack and final destruction of General Neville's house, his and the marshal's expulsion, the robbing of the mail (not asserted positively to have been committed by any of the insurgents), the suppression of the offices of inspection in the survey, the result of the several conferences of the commissioners with citizens of the western country, the event of the Brownsville meeting, and the decision of the people, on the 11th of September, on the question of submission. No proof was adduced of any fact tending to prove the existence or continuance of the insurrection subsequent to the 11th of September. The election took place on the 14th of October.

DOCUMENTS.

NUMBER I.

Extract of a Letter of Thomas McKean, Chief Justice of Pennsylvania, and General William Irvine, appointed Commissioners by the Governor of Pennsylvania to confer with the Inhabitants of the Western Counties, dated Pittsburg, 22d August, 1794.

"On Monday we endeavored to ascertain the facts that led immediately to the riots in this county on the 16th and 17th of last month, at General Neville's estate, and the result is as follows. The marshal for the district of Pennsylvania had process to serve upon divers persons residing in the counties of Fayette and Allegheny, and had executed them all (above thirty) without molestation or difficulty, excepting one, which was against a Mr. Shaw; he, or some other person, went to the place where Dr. Beard, the brigade inspector for Washington County, was hearing appeals made by some of the militia of a battalion, who had been called upon for a proportion of the quota of this State of the eighty thousand men, to be in readiness agreeably to an Act of Congress. There were upwards of fifty there with their fire-arms, to whom it was related that the Federal sheriff, as they styled the marshal, had been serving writs in Allegheny County and carrying the people to Philadelphia for not complying with the excise laws, and that he was at General Neville's house. It was then in the nigh of the 15th of last month; between thirty and forty flew instantly to their arms and marched towards Mr. Neville's, about twelve miles distance, where they appeared early next morning. Your excellency has already heard the tragical event.

"It should be added that the delinquents, against whom the marshal had process, told him they would enter their stills and pay him the excise, together with the costs of suit. Major Lennox applauded their prudent conduct, and told them that though he had not authority to comply with their wishes, yet if they would enter their stills with the inspector, and procure his certificate, and send it to Philadelphia, upon payment of the money due with the costs, he was persuaded all further prosecutions would be stayed.

"If this detail is true, it is evident the outrages committed at Mr. Neville's were not owing to deliberate preconcerted measures, but originated in an unbridled gust of passion, artfully raised among young men who may have been at the time too much heated with strong drink."——

"We met accordingly, and conversed together (with the twelve conferees appointed by the Parkinson's Ferry meeting of the 14th of August) freely for several hours. The supposed grievances were numerous; but they dwelt principally on their being sued in the courts of the United States and compelled to attend trial at the distance of three hundred miles from their places of abode, before judges and jurors who are strangers to them, and by whom the credit due to witnesses entirely unknown could not be properly estimated, and the inability to pay the excise owing to the restrained state of their trade and commerce."——"Impressed with the idea that the spirit of the people in these counties may be diffused in other counties and States, we have urged the necessity of a speedy termination of this business, and to that end the calling the committee of sixty together at an earlier day than the one fixed upon; though the gentlemen press us to allow time to the people to cool, yet we believe they will gratify us in this request. We are acquainted personally with the committee of twelve, and think them well disposed."

NUMBER II.

Resolutions proposed by Mr. —— at the Parkinson's Ferry Meeting of the 14th of August.	*Resolutions adopted by the Parkinson's Ferry Meeting of the 14th of August.*
1. The same with the first resolution adopted.	1. *Resolved*, That taking citizens of the United States from their respective abodes or vicinage, to be tried for real or supposed offences, is a violation of the right of the citizens, is a forced and dangerous construction of the constitution, and ought not under any pretence whatever to be exercised by the judicial authority.
2. That a standing committee be appointed to consist of members from each county, to be denominated a committee of public safety, whose duty it shall be to call forth the resources of the western country to repel any hostile attempts that may be made against the rights of the citizen or of the body of the people.	2. That a standing committee, to consist of one member from each township, be appointed for the purposes hereinafter mentioned, viz.:
3. That a committee of members be appointed to draft a remon-	To draft a remonstrance to Congress praying a repeal of the excise law, at the same time requesting that a more equal and less odious tax may be laid, and giving assurances to the representatives of the people that such tax will be cheerfully paid by the people of these counties.

strance to Congress praying a repeal of the excise law, and that a more equal and less odious tax may be laid, and at the same time giving assurance to the representatives of the people that such tax will be cheerfully paid by the people of these counties, and that the said remonstrance be signed by the chairman of this meeting in behalf of the people whom we represent.

4. Whereas, the motives by which the people of the western country have been actuated in the late unhappy disturbances at Neville's house, and in the great and general rendezvous of the people at Braddock's Field, &c., are liable to be misconstrued as well by our fellow-citizens throughout the United States as by their and our public servants, to whom is consigned the administration of the Federal government, therefore, *Resolved*, that a committee of be appointed to make a fair and candid statement of the whole transaction to the President of the United States, and to the Governors of Pennsylvania and Virginia, and, if it should become necessary, that the said committee do publish to the world a manifesto or declaration, whereby the true motives and principles of the people in this country shall be fairly and fully stated.

5. That we will, with the rest of our fellow-citizens, support the laws and government of the respective States in which we live, and the laws and government of the United States, the excise law, and the taking citizens out of their respective counties only excepted, and therefore we will aid and assist all civil officers

To make and publish a statement of the transactions which have lately taken place in this country relative to the excise law, and of the causes which gave rise thereto, and to make a representation to the President on the subject.

To have power to call together a meeting either of a new representation of the people or of the deputies here convened, for the purpose of taking such further measures as the future situation of affairs may require, and, in case of any sudden emergency, to take such temporary measures as they may think necessary.

3. That we will exert ourselves, and that it be earnestly recommended to our fellow-citizens to exert themselves, in support of the municipal laws of the respective States, and especially in preventing any violence or outrage against the property and person of any individual.

4. That a committee, to consist of three members of each county,

in the execution of their respective functions, and endeavor, by every proper means in our power, to bring to justice all offenders in the premises.

be appointed to meet any commissioners that have or may be appointed by the government, and to report the result of this conference to the standing committee.

NUMBER III.

At a meeting of the standing committee of the western counties, held at Brownsville (Redstone, Old Fort), on the 28th and 29th August, 1794,

The report of the committee appointed to confer with the commissioners of government being taken into consideration——*Resolved*, That, in the opinion of this committee, it is the interest of the people of this country to accede to the proposals made by the commissioners on the part of the United States.

NUMBER IV.

Extract of the declaration unanimously adopted by a meeting of committees from the several townships of the county of Fayette, held at Uniontown, the 10th of September, 1794.

For these reasons and upon these principles, wishing, however, to have it fully understood that from the following declaration no implication is to be drawn of an acknowledgment that we ever have failed, either directly or indirectly, in that duty which every citizen owes to his country, to wit, submission to its laws: We, the committee of townships for the county of Fayette, do not hesitate explicitly to declare "our determination to submit to the laws of the United States and of the State of Pennsylvania, not to oppose either directly or indirectly the execution of the Acts for raising a revenue on distilled spirits and stills, and to support (as far as the laws require) the civil authority in affording the protection due to all officers and citizens; and we do further recommend to our fellow-citizens a perfect and entire acquiescence under the execution of the said Acts, and also that no violence, injuries, or threats be offered to the person or against the property of any officer of the United States, or of the State of Pennsylvania, or citizens complying with the laws." At the same time we make those explicit and sincere declarations and recommendations, we also candidly and openly declare our intention to persist in every legal and constitutional measure that may tend to obtain a repeal of the excise law, nor shall we think ourselves bound to give it any further support and countenance than what is required by the laws.

N.B.—The words between " " are verbatim the transcript of the assurances required by the commissioners of the United States from the committee of Brownsville, and afterwards from the people at large.

NUMBER V.

PITTSBURG, September 20.

At a meeting of the inhabitants of the town of Pittsburg, for the purpose of considering the proscriptions of certain citizens during the late

disturbances, in which necessity and policy led to a temporary acquiescence on the part of the town——

It was unanimously resolved, That the said citizens were unjustly exiled, and the said proscriptions are no longer regarded by the inhabitants of the town of Pittsburg, and that this resolution be published for the purpose of communicating these sentiments to those who were the subjects of the proscriptions.

By order,

A. Tannehill, Chairman.

NUMBER VI.

Answer of the grand jury of Washington County, on September 25, to Judge Addison's charge, in which they express their unanimous concurrence in and approbation of the sentiments contained in said charge, is printed in the Pittsburg Gazette of the 4th of October, but no copy could be procured for insertion here.

NUMBER VII.

Resolutions of the delegates of townships of the 14th of August, assembled at Parkinson's Ferry on the 2d of October, agreeable to the notice in the Pittsburg Gazette.

Resolved, That it is the unanimous opinion of this meeting that if the signature of the submission be not universal, it is not so much owing to any existing disposition to oppose the laws, as to a want of time and information to operate a correspondent sentiment; and with respect to the greatest number, a prevailing consciousness of their having had no concern in any outrage, and an idea that their signature would imply a sense of guilt.

Resolved, unanimously, That we will submit to the laws of the United States; that we will not, directly or indirectly, oppose the execution of the Acts for raising a revenue on distilled spirits and stills; that we will support, so far as the law requires, the civil authority in affording the protection to all officers and to the citizens, reserving at the same time our constitutional right of petition and remonstrance.

Resolved, unanimously, That William Findley, of Westmoreland County, and David Redick, of Washington County, be appointed commissioners to wait on the President of the United States and the Governor of Pennsylvania, and to explain to government the present state of this country, and detail such circumstances as may enable the President to judge whether an armed force be now necessary to support the civil authority in these counties.

Resolved, unanimously, That the secretary transmit a copy of these resolutions by post to the President of the United States and to the Governor of Pennsylvania, and have them printed in the Pittsburg Gazette.

Alexander Addison, Sec.

NUMBER VIII.

At a meeting of the committees of townships of the four western counties of Pennsylvania, and of sundry other citizens, held at Parkinson's Ferry the 24th of October, 1794——

The following resolutions were unanimously adopted, viz.:

1st. *Resolved*, That in our opinion the civil authority is now fully competent to enforce the laws and to punish both past and future offences, inasmuch as the people at large are determined to support every description of civil officers in the legal discharge of their duty.

2d. *Resolved*, That in our opinion all persons who may be charged or suspected with having committed any offence against the United States or the State during the late disturbances (and who have not entitled themselves to the benefits of the Act of oblivion) ought immediately to surrender themselves to the civil authority, in order to stand their trial; that if there be any such persons amongst us, they are ready to surrender themselves accordingly; and that we will unite in giving our assistance to bring to justice such offenders as shall not surrender.

3d. *Resolved*, That in our opinion offices of inspection may be immediately opened in the respective counties of this survey without any danger of violence being offered to any of the officers, and that the distillers are willing and ready to enter their stills.

Messrs. William Findley, David Redick, Ephraim Douglass, and Thomas Morton were then appointed to wait on the President of the United States with the foregoing resolutions.

Signed,
James Edgar, Chairman.

Attest,
Albert Gallatin, Secretary.

NUMBER IX.

Extracts of the minutes of the House of Representatives of Pennsylvania.

December 16, 1794. A motion was made by Mr. Kelly, seconded by Mr. Barton, and read, as follows, viz.:

Whereas, It is declared, by the fifth Section of the ninth Article of the constitution of this Commonwealth, as one of the great and essential principles of liberty and free government, that elections shall be free and equal. And whereas, A majority of the inhabitants of the counties of Westmoreland, Washington, Fayette, and Allegheny were in a state of insurrection and opposition to the government and laws of this Commonwealth on the second Tuesday in October last, the time appointed by the constitution for choosing Representatives in the General Assembly of this

State, to the terror of those who were friends to government and good order residing in the counties aforesaid. AND WHEREAS, It is directed by the constitution that each House shall judge of the qualifications of its members; therefore,

Resolved, That the persons chosen at the last general election, held for the counties of Westmoreland, Washington, Fayette, and Allegheny, to represent the said counties in the House of Representatives of this State, are not duly qualified for said office.

December 20, 1794. Agreeably to the order of the day, the motion made by Mr. Kelly, seconded by Mr. Barton, December 16, relative to the ineligibility of the persons elected to represent the counties of Westmoreland, Washington, Fayette, and Allegheny in the House of Representatives, was read the second time.

And the resolution contained therein being under consideration, viz.:

Resolved, That the persons chosen at the last general election, held for the counties of Westmoreland, Washington, Fayette, and Allegheny, to represent the aforesaid counties in the House of Representatives of this State, are not duly qualified for said office.

A motion was made by Mr. Kelly, seconded by Mr. Barton,

To postpone the consideration of the said resolution, in order to introduce the following in lieu thereof, viz.:

Resolved, That the elections held during the late insurrection in the counties of Westmoreland, Washington, Fayette, and Allegheny, for members to represent said counties in this House, were unconstitutional, and they are hereby declared void.

On the question, "Will the House agree to postpone for the purpose aforesaid?" it was determined in the affirmative.

January 9, 1795. On the question, "Will the House agree to the following resolution? viz.:"

Resolved, That the Legislature of this Commonwealth will adjourn on Thursday next, to meet again on the first Tuesday of February next.

It was determined in the negative. Yeas 37, nays 38.

The House proceeded to consider the resolution on the subject of the elections held during the late insurrection in the counties of Westmoreland, Washington, Fayette, and Allegheny, reported by the committee of the whole yesterday.

A motion was made by Mr. Gallatin, seconded by Mr. Nagle,

To postpone the consideration of the said resolution, in order to introduce the following in lieu thereof, viz.:

WHEREAS, It appears to this House that during the month of July last past the laws of the United States were opposed in the counties of Washington and Allegheny, in this State, and the execution of said laws obstructed by combinations too powerful to be suppressed by the ordinary course of law proceedings or by the powers vested in the marshal of that district; inasmuch as several lawless bodies of armed men did at sundry

times assemble in the county of Allegheny aforesaid and commit various acts of riot and arson, and more particularly attacked the house of John Neville, Esq., inspector of the revenue for the fourth survey of the district of Pennsylvania, and after firing upon and wounding sundry persons employed in protecting and defending the said house, set fire to and totally destroyed the same.

That the spirit of opposition to the revenue law of the United States soon after pervaded other parts of the fourth survey of Pennsylvania (which consists of the counties of Westmoreland, Washington, Fayette, Allegheny, and Bedford), inasmuch as all the offices of inspection established therein were violently suppressed.

That commissioners having been appointed, respectively, by the President of the United States and by the Governor of this State, in order to induce the inhabitants of the fourth survey aforesaid to submit peaceably to the laws, the assurances of submission required of the inhabitants aforesaid by said commissioners were not so general as to justify an opinion that offices of inspection could have been safely established there on the 11th day of September last past. And the said commissioners of the United States did give it as their opinion, that on the 16th day of September last past there was a considerable majority of the inhabitants of the fourth survey aforesaid who were disposed to submit to the execution of the laws, but that such was the state of things in the survey that there was no probability that the revenue law of Congress could at that time be enforced by the usual course of law; so that a more competent force was necessary to cause the laws to be duly executed, and to insure protection to the officers and well-disposed citizens.

And that, in consequence of that information, it became necessary for the President of the United States to cause to be embodied a large number of the militia of the United States, and to order the same to march into the fourth survey aforesaid, in order to aid the civil authority in causing the laws to be duly executed, in re-establishing order and peace, and in affording protection to the officers and citizens.

And whereas, It also appears to this House that a majority of the inhabitants of the fourth survey aforesaid did not at any time enter into a general combination against the execution of the laws of the United States.

That the meetings composed of delegates of the respective townships of the said survey never entered into any criminal resolution or combination; but, on the contrary, contributed by degrees to restore peace and order.

That no acts of violence were committed in the said survey after the 11th day of September last past, nor did any combinations, meetings, or preparations take place tending to oppose future resistance to the laws of the United States and to the militia then on their march to the said survey.

That from and after the 14th day of August last there was a gradual restoration of order and submission to the laws, as appears by the assurances of submission expressed by individual signatures or otherwise previous to the 16th of September aforesaid; by the answer of the grand jury of the county of Washington to the charge of the judge of the court for said county, delivered at the September court; and by resolutions adopted by the committee of townships for the county of Fayette on the 10th and 17th days of September; and by the resolutions adopted by the committees of townships for the counties of Westmoreland, Washington, Fayette, and Allegheny, on the 2d of October last past; which resolutions expressed their disposition to submit to the laws of the United States and to support the civil authority, and their opinion that the people at large were disposed to do the same; as also by resolutions adopted by the people of the county of Fayette on the day of the late general election, the object of which was to provide for the accommodation of the militia of the United States, then on their march to the fourth survey aforesaid.

And whereas, There are no proofs whatever before the House either that the people of the fourth survey, or any of them, were in a state of insurrection on the day of the late general election, nor that any undue influence was used or acts of violence committed on the said day in any of the counties composing the said survey, nor that the late insurrection, riots, and opposition to the laws of the United States had any effect upon the said late general election.

And whereas, It is represented to this House by the representatives of the counties composing the fourth survey aforesaid that they are able to prove by evidence that the late general elections held in the said counties were fairly conducted, uninfluenced by fear or violence, and perfectly free and equal.

And whereas, The House wish to have full information upon those facts, in order that they may thereupon take such constitutional measures as to them will appear best.

Resolved, That in the opinion of this House it is proper for them to institute an inquiry on the subject of the late general elections held in the counties of Westmoreland, Washington, Fayette, and Allegheny, in order to ascertain whether the inhabitants of the said counties, or any of them, were in a state of insurrection at the time of holding the said elections; and whether the late insurrection in the fourth survey of Pennsylvania had any effect on the said elections in the said counties.

Resolved, That a committee be appointed to devise and report to this House a plan of the manner in which the said inquiry should be conducted, with power to summon evidences on the said subject.

On the question, "Will the House agree to postpone for the purpose aforesaid?"

It was determined in the negative.

The original question recurring, the previous question thereon was

called for. And on the previous question being put, viz., "Shall the main question be now put?" it was determined in the affirmative. Yeas 44, nays 29.

Whereupon the eleven members of the counties of Westmoreland, Washington, Fayette, and Allegheny withdrew.

And then the main question, viz., "*Resolved*, That the elections held during the late insurrection in the counties of Westmoreland, Washington, Fayette, and Allegheny, to represent said counties in this House, were unconstitutional, and they are hereby declared void," being put,

It was determined in the affirmative. Yeas 43, nays 20.

NUMBER X.

Extract of the minutes of the Senate of Pennsylvania.

January 2, 1795. Moved that the consideration of the following resolution, which is the order of the day, viz., "*Resolved*, That the Senate will proceed to consider and determine whether the elections held in the districts composed of the counties of Allegheny, Washington, Westmoreland, and Fayette during the insurrection in those counties ought to be admitted as constitutional and valid," be postponed, in order to take into consideration the following resolution, to wit:

Resolved, That it is necessary for the Senate to inquire,

First. Whether the Senate have any jurisdiction in the case of elections, and in what manner it can be exercised?

Second. Whether the inhabitants of the counties of Westmoreland, Washington, Fayette, and Allegheny, or a majority of them, were in a state of insurrection at the time of holding the late general election (and if so) what was the nature of the same, and its effects upon the said election?

And that be assigned to hear evidence on the subject of said insurrection.

The question on postponing for the said purpose was put, and carried in the negative.

January 3. The following resolution, as reported by the committee of the whole, viz.,

"*Resolved*, That the elections of Senators held in the counties of Washington, Allegheny, Westmoreland, and Fayette during the late insurrection were not constitutional, and therefore not valid," being under consideration,

It was moved that the further consideration of the resolution be postponed, in order to take the evidence of the State commissioners and to bring forward testimony of persons who were present at the election in Westmoreland County. And the question on postponing for said purpose, being put, was carried in the negative.

It was then moved that,

WHEREAS, A resolution is now before the Senate which, if carried, will deprive the counties of Washington, Allegheny, Fayette, and Westmoreland of any representation in the Senate of this Commonwealth. AND WHEREAS, It would be highly improper that a partial representation should legislate for the whole State; therefore,

Resolved, That the Senate will, so soon as the said resolution is carried, adjourn to such time as will give the said four western counties an opportunity of holding elections and returning members in the stead of those now deprived of their seats, if the House of Representatives shall concur in such adjournment.

The question being put, it passed in the negative.

The question being afterwards put on the following motion, viz.:

Resolved, That, in taking the votes of the Senate on the resolution relative to the validity of the elections from the four western counties, the clerk be directed not to call the names of the members of those counties, as their representative characters are involved in the said resolution.

It passed in the affirmative.

And the original question, viz.:

"*Resolved*, That the elections of Senators held in the counties of Washington, Allegheny, Westmoreland, and Fayette during the late insurrection were not constitutional, and therefore not valid," again recurring,

It passed in the affirmative.

NUMBER XI.

Reasons of the vote of the subscribers on the question of the validity of the elections held in the counties of Westmoreland, Washington, Fayette, and Allegheny.

We are of opinion that the resolution adopted by the Senate is unjust, unconstitutional, and impolitic.

UNJUST,

Because the documents upon which the decision is grounded were not legal evidence; inasmuch as they consisted only of written, vague, hearsay, and newspaper information, and it was in the power of the Senate to procure oral, direct, and positive evidence.

Because the documents produced to support the resolutions do not contain any facts subsequent to the fifteenth day of September, which was near one month previous to the election; nor does it appear by the said documents, or by any of the alleged facts therein contained, either that all the four western counties ever were declared to be in a state of insurrection, or that the majority of the inhabitants thereof ever were concerned in any insurrection, criminal combination, or illegal opposition against the laws of the Union.

Because every act of the people, or of any part of the people, of the

western counties subsequent to the fifteenth day of September evinces a restoration of order and an universal determination to submit to the laws and to support the civil authority.

Because no testimony was adduced to prove that the spirit of the late insurrection had any effect on the elections; but, on the contrary, the Senators representing those counties offered to prove by evidence that the said elections were fairly conducted, and perfectly free and equal.

Because the Senate, by a positive vote, refused to hear the evidence of the commissioners appointed by the State to confer with the citizens of the western country, and also the evidence of persons (known friends to order and good government) who were present at the election of one of the said counties. And

Because there was not a single act (that might be construed as a sign of insurrection, opposition, or combination) committed in two of the western counties which did not also take place in other counties of this State; and yet the counties of Westmoreland and Fayette are included in the decision of the Senate, while those others were not even hinted at.

Unconstitutional,

Because the constitution expressly declares that contested elections shall be tried by a select committee, and not by the Senate, and expressly restrains the jurisdiction of either branch of the Legislature to judging the qualifications of their members. And

Because, if this was not to be considered as a case of contested elections, it could only be a retrospective disfranchising act,—an act which was expressly forbidden by that clause of the constitution which declares that no ex-post-facto law shall be made, and which, if it could be enacted by any authority whatever, should have been the act of the *Legislature*, and not of a *single branch*.

Impolitic,

Because there was no apparent necessity for, or advantage resulting from, the measure; but, on the contrary, at a time when the inhabitants of the western country, who might have been deluded into criminal excesses, were brought to a sense of their duty, and when the whole body of the people of Pennsylvania had manifested their determination to support the laws and Constitution of the United States, we conceived it the duty of the Legislature to *conciliate*, and not *inflame*, the minds of the citizens.

Because, by ordering special elections, in the middle of winter and at a short notice, in a country the population of which is widely scattered, any change that may take place in the representation can only be the effect of a particular party ever watchful to their own interest; and there is, therefore, a danger that the good citizens of the western counties may, for the term of four years, be unfairly and partially represented. And

Because, the Senate having refused to adjourn until new elections shall have taken place, laws passed whilst one-sixth part of the State is unrep-

resented may not be thought binding by those citizens who had no share in the enacting of the same; and the measure will, at least, tend to diminish that respect and obedience to the laws and government which it is so essentially necessary, under the present circumstances, to encourage and inculcate.

These, with many other reasons, have influenced our vote.

And we trust we have discharged that duty which we owe to our country and our consciences by voting and protesting against a measure which we think may be of the most pernicious and destructive consequences.

(Signed) William Hepburne,
John Kean,
Thomas Johnston,
George Wilson.

The preceding reasons of dissent were not suffered by the majority of the Senate to appear on the minutes.

POSTSCRIPT.

Philadelphia, February 16, 1795.

The eleven members of the House and the four Senators who were deprived of their seats by virtue of the preceding resolutions have all been re-elected, except one Senator (Mr. Moore), who declined serving.

THE END.

A SKETCH

OF THE

FINANCES OF THE UNITED STATES.

BY ALBERT GALLATIN.

NEW YORK:
PRINTED BY WILLIAM A. DAVIS, No. 438 PEARL STREET.

(Copy-right secured.)

1796.

CONTENTS.

SECTION I.

	PAGE
Of the Revenues of the United States	9 [73]
Duties on Tonnage and Imports	15 [76]
Internal Duties	28 [85]
Duties on Postage	47 [96]
Dividends on Bank Stock	ibid [97]

SECTION II.

Of the Expenses of the United States	49 [98]
Receipts and Expenditures to the 1st of January, 1796	ibid [98]
Of Appropriations	67 [109]
Present and Permanent Expenses of the Union	82 [118]

SECTION III.

Of the Debts of the United States	87 [121]
Origin, Progress, and Present State of the Public Debt	ibid [121]
Effects of the Public Debt, and Resources Applicable to its Redemption	123 [143]

STATEMENTS.

No. I. Census of the Inhabitants of the Union.
II. Revenue from Duties on Imports and Tonnage.
III. Abstract of the Exports for Six Years.
IV. to VIII. Internal Duties.
IX. Duties on Postage.
X. Receipts and Expenditures to 1st January, 1796.
XI. Sinking Fund.
XII. & XIII. Domestic and Foreign Funds.
XIV. Receipts and Expenditures for 1796.
XV. Assumption of State Debts.
XVI. Statement of the French debt and of its extinction.
XVII. Statement of the Dutch debt after 1796.

(A) General view of Receipts and Expenditures to the 1st of January, 1796.

(B) Comparative view of the public debts on the first days of January, 1790 and 1796, respectively.

ADVERTISEMENT.

THE Editor of the following pages conceives it his duty to inform the public that they have been published in the absence of their Author; he has, however, paid particular care to the examination of the proof-sheets, and trusts that the work will be accurate and correct.

He also conceives it his duty to suggest that the Author is in no shape concerned in the emoluments of the publication. The copyright was generously bestowed upon the Editor, and it is entirely for his benefit and at his expense that these sheets are presented to the world.

THE EDITOR.

November 12, 1796.

A SKETCH

OF THE

FINANCES OF THE UNITED STATES.

SECTION I.

OF THE REVENUES OF THE UNITED STATES.

CONGRESS, by the Constitution of the United States, have power to lay and collect taxes, duties, imposts, and excises, subject, however, to the following restrictions: 1st. All duties, imposts, and excises must be uniform throughout the United States. 2d. No capitation or other direct tax can be laid, unless the same be apportioned among the several States according to their respective numbers, which numbers are determined by adding to the whole number of free persons three-fifths of all slaves. An enumeration of the inhabitants of the Union has accordingly been made in the year 1791 (see statement No. 1), and a new one is directed, by the Constitution, to be made within every subsequent term of ten years. 3d. No tax or duty can be laid on articles exported from any State; from whence it seems to result that, whenever an internal duty is laid upon the manufacture of any article, it must not extend beyond the home consumption of that article, and an equivalent drawback must be allowed on its exportation.

The power of laying duties on tonnage and imports belongs exclusively to the government of the Union. The several States are also precluded from laying duties on exports; they have within their respective jurisdictions a concurrent power with Congress to lay any internal taxes, duties, and excises. But they seem to be virtually precluded from laying duties

upon the manufacturers of any article, the consumption of which they may wish to tax; for as they cannot lay any duty on the importation, within the State, of any article, a tax upon their own manufacture would have no other tendency but to destroy it. Whenever, therefore, a State shall resort to duties upon consumable commodities, they must be laid not on the manufacturers, but on the retailers or consumers of the commodity.

The United States have, heretofore, raised a revenue by those duties and taxes only which they have conceived to fall within the description of indirect taxes. A controversy, indeed, has taken place on the subject of a tax laid upon the owner of every carriage used for the conveyance of persons, which, by some, was deemed to be a direct tax. One of the most important consequences flowing from the principle of a Constitution binding the different branches of government has been, in some instances, not a limitation of the powers of government, but a transfer of those powers from the legislative to the judiciary department. For the judges have exercised in all doubtful cases the authority to explain the Constitution, as they explain the laws, and to decide, even in cases of taxation, whether a law was constitutional or not, valid or a dead letter. Their decision on the carriage-tax, which was brought before them by the refusal of an individual to pay, accorded with the opinion of the Legislature. A less vague expression than that of "direct" might have been used in the Constitution; as it now stands, it is difficult to affix to it any precise and determinate meaning. The word, in itself, does not express a positive or absolute qualification, but only the relation of a subject to another. The Constitution mentions only one of the subjects, but does not say in relation to what other subject taxes are to be considered as direct. The direct tax is that which falls directly,—but upon what? On the person who pays it? On the article taxed? On that general fund intended to be taxed? The Constitution is silent on that head. Nor has the word any general acceptation or technical meaning. It is used, by different writers, and even by the same writers, in different parts of their writings, in a variety of senses, according to that view of the subject they were taking.

The most generally received opinion, however, is, that by

direct taxes in the Constitution, those are meant which are raised on the capital or revenue of the people; by indirect, such as are raised on their expense. As that opinion is in itself rational, and conformable to the decision which has taken place on the subject of the carriage-tax, and as it appears important, for the sake of preventing future controversies, which may be not more fatal to the revenue than to the tranquillity of the Union, that a fixed interpretation should be generally adopted, it will not be improper to corroborate it by quoting the author from whom the idea seems to have been borrowed. Dr. Smith (Wealth of Nations, Book v., Chap. 2) says: "The private revenue of individuals arises ultimately from three different sources,—rent, profit, and wages. Every tax must *finally* be paid from some one or other of those three different sorts of revenue, or from all of them indifferently." After having treated separately of those taxes which it is intended should fall upon some one or other of the different sorts of revenue, he continues: "The taxes which it is intended should fall indifferently upon every different species of revenue, are capitation taxes and taxes upon consumable commodities. These must be paid indifferently from whatever revenue the contributors may possess." And, after having treated of capitation taxes, he finally says: "The impossibility of taxing the people in proportion to their revenue by any *capitation* seems to have given occasion to the invention of taxes upon consumable commodities. The State, not knowing how to tax *directly* and proportionably the revenue of its subjects, endeavors to tax it *indirectly* by taxing their expense, which it is supposed will in most cases be nearly in proportion to their revenue. Their expense is taxed by taxing the consumable commodities upon which it is laid out." The remarkable coincidence of the clause of the Constitution with this passage in using the word "capitation" as a generic expression, including the different species of direct taxes, an acceptation of the word peculiar, it is believed, to Dr. Smith, leaves little doubt that the framers of the one had the other in view at the time, and that they, as well as he, by *direct* taxes, meant those paid *directly* from and falling *immediately* on the revenue; and by *indirect*, those which are paid *indirectly* out of the revenue

by falling immediately upon the expense. It has, indeed, been held by some that "direct taxes" meant solely *that tax* which is laid upon the whole property or revenue of persons, to the exclusion of any tax which may be laid upon any species of property or revenue. An opinion equally unsupported by the vulgar or any appropriate sense of the word itself, and contradictory to the very clause of the Constitution, which, instead of admitting only one kind of direct tax, expressly recognizes several species by using the words "capitation or other direct tax," and "direct taxes."

Should those considerations be thought correct, it results that all taxes laid upon property which commonly afford a revenue to the owner (whether such property be in itself productive or not) in proportion to its value, are direct; a class which will include taxes upon lands, houses, stock, and labor; all of which, therefore, must, when laid, be apportioned among the States according to the rule prescribed by the Constitution.

The present revenues of the United States arise from

1st. External duties on tonnage and imports.

2d. Internal duties on domestic distilled spirits, on snuff and refined sugar manufactured within the United States, on sales at auction, on retailers of wines and foreign spirits, and on carriages used for the conveyance of persons.

3d. Postage of letters.

4th. Dividends on the shares owned by the United States in the stock of the Bank of the United States.

OF DUTIES ON TONNAGE AND IMPORTS.

The statement No. II. exhibits the yearly amount from the establishment of the present government to the first day of January, 1795, of the revenue arising from those duties, of the deductions for drawbacks, bounties, and expenses of collection, of the actual receipts in the Treasury, and of the balances outstanding. The accounts for the year 1795 are not yet published, but the actual receipts, on account of those duties, amounted for that year to dollars $5{,}588{,}961\frac{26}{100}$. The total amount of receipts from the first of August, 1789, when the duties were first laid, to the first of January, 1796, is dollars $22{,}755{,}998\frac{82}{100}$.

strictly speaking, are only the expenses of collection charged to the revenue, and amounting to 220,000 dollars, which, therefore, leaves a net revenue of 5,810,000 dollars. But as there are some bounties to the fisheries, which, although in fact they are expenditures, are not paid out of the Treasury, but are discharged by the collectors of customs, it has been usual to deduct them also from the gross amount of revenue, instead of charging them as an expenditure to the net revenue. Exclusively of the bounties of 18 cents per barrel of pickled fish, and of 15 cents per barrel of salted provisions, exported, which may be considered merely as a drawback of the duty upon the salt used in preserving the same (which bounties, on our present rate of exportation of those articles, may be estimated at 34,000 dollars), an allowance from one to two dollars and an half per ton is made to vessels employed in the cod fisheries, in lieu of drawback upon the exportation of dried fish. Those allowances amount to about 90,000 dollars, and as the quantity of dried fish exported does not exceed 400,000 quintals, a drawback of the actual duties paid on the salt used in preserving the same would not exceed 50,000 dollars,[1] and the remaining 40,000 dollars are not a drawback, but an actual bounty upon the fisheries. This last sum deducted from the above-stated sum of 5,810,000 dollars leaves for the net revenue, on the principles upon which it is usually settled at the Treasury, 5,770,000 dollars.

The expenses of collection, payable out of the revenue, and consisting of salaries and commissions, have been stated at 220,000 dollars; but to these must be added the amount of fees paid by individuals, which are not charged to the revenue. These may be estimated at 80,000 dollars, which, added to the above sum of 220,000 dollars, form an aggregate of 300,000 dollars for the total expense of collecting the duties on imports and tonnage. That sum of 300,000 dollars upon a gross revenue of dollars 6,110,000 (by adding the 80,000 dollars fees to the

[1] These 50,000 dollars added to the 34,000 on the exportation of pickled fish and salted provisions make the 84,000 dollars which have been deducted (being considered as a drawback) from the gross amount of the duty on salt.

sum of 6,030,000 dollars herebefore stated as the total amount of gross revenue on tonnage and imports) makes the expense of collection something less than 5 per cent. on the gross sum paid by the people.

The duty on salt is the only one amongst those above mentioned which seems to have been objected to. It is not at present very heavily felt, and may even be deemed moderate when compared to the revenue raised on the same object in some other countries. Yet it is proper to observe that it is already higher in proportion to the value of the article than that paid upon any other, and that whatever impediment may exist in the way of its repeal, from the difficulty of finding a substitute for a tax already established, it would be equally unjust and impolitic to raise this above its present rate. So far as the article is consumed by man, it is a species of poll-tax, which falls equally upon every one, whether poor or rich; so far as it is consumed by cattle, it is a tax upon agriculture, and would prove pernicious was it ever increased so high as to check its use.

An examination of the importations for four years past affords satisfactory proofs that, notwithstanding the gradual increase of duties, they have been faithfully paid, and that the frauds so usually committed upon the fair trader and the public in countries where a large revenue is derived from customs have been comparatively few in the United States. The whole amount of fines and forfeitures incurred for a period of five years and an half for breaches of the laws of a revenue, which during the same time has produced to the Treasury a net sum of seventeen millions of dollars, does not much exceed 9000 dollars. There seems to be but one exception to that general conclusion. From a view of the importation of teas, it would seem that the consumption of hyson tea (after the proper deductions for re-exportation) in the years 1793 and 1794 was but one-half of the consumption of the years 1791 and 1792. The temptation offered by the high duty and by the small bulk of the article points out the true remedy, viz., a decrease of the duty.

The produce of duties on consumption naturally increases with population, and it might, on first view, be inferred that if

the last doubles in the United States every 23 or 24 years, the first must receive a gradual proportionate increase of about three per cent. a year. Upon the same principle, it might be expected that those duties which in 1796 are supposed to produce a net revenue of 5,800,000 dollars would in the year 1801 yield about 6,700,000 dollars, or an increase of near 16 per cent. Some obvious considerations will, however, show the fallacy of that calculation.

The exports of the United States, in articles of their own growth or manufacture, are greater, in proportion to their population, than those of any other nation. After every deduction for re-exportation of imported articles, and for the extraordinary prices lately obtained for provisions, they may be valued at twenty millions of dollars at least. Those of France, with a population seven times as great as that of America, did not exceed, exclusively of the produce of their colonies, forty millions of dollars. There is good reason to believe that those of the actual growth or manufacture of Great Britain, with a population treble of ours, a superior industry, and an immense capital, although sometimes rated higher, cannot exceed fifty millions of dollars. The cause is well known to be the physical situation of the United States. Possessed of more land, in proportion to their numbers, than any European nation, their labor has been, in general, more advantageously applied to the cultivation of those lands, and to the raising large quantities of the produce of land, than it would have been to the manufactures. As, however, every further increase of population in many of the States diminishes the relative quantity of land and of produce raised, and promotes the establishment of manufactures, our exports of raw materials, our importations of those articles we can manufacture, and the revenue raised upon those articles, although all of them gradually augmenting, will, unless favored by accidental causes, increase in a ratio less than our population. Thus, although our numbers have doubled between the years 1770 and 1793, the quantity of exports is supposed to have increased only about fifty per cent. during the same period. A view of the exports of articles of our own growth or manufacture for the last six years showeth that upon an average, although

the demand never was so great, the quantity exported has been nearly stationary. (See Statement No. III.)

The natural causes which may thus check the increase of our exports and of our revenue upon importations will not, however, diminish the progress of our wealth, and of our capacity of raising a proportionably large revenue from any other source. But another consideration, of greater importance for the present, must be attended to. The *value* of the exports of the two years 1794 and 1795 was 80,000,000 of dollars, and of the two years 1791 and 1792 did not amount to 40 millions. That prodigious augmentation cannot be viewed as permanent, unless owing to an increase of the quantity of articles of our own growth or manufactures that were exported. But it has already been stated that that quantity has received but a trifling addition, if any, since the former period. That increase is due to mere temporary causes, the first arising from an advanced price of perhaps forty per cent. upon the total amount of our exports beyond their usual value; the second, from our having become the carriers of a large proportion of the produce of some of the West India Islands. Those two items, both of which are owing to the present European war, constitute nearly one-half of the value of our exports for the two last years. A view of the statement No. III. will show that the total amount of our re-exportations of imported articles for those two years exceeded 25 millions of dollars. The profit made upon those articles, of which we have thus become the venders and the carriers, and the whole of the advanced price upon articles of our own growth, have been to us a sudden acquisition of wealth. Whilst it lasts we are enabled to pay for a larger quantity of foreign luxuries, we import more, we consume more, and the revenue receives a temporary increase. The return of peace, as it will diminish our profits, the value of our exports, and our ability of paying, will also diminish our consumption, our importation, and our revenue. It is not within the reach of calculation to conjecture how powerfully that cause will operate; but it is highly probable that for some years it will at least counterbalance, if it does not exceed, any increase to be derived from the gradual augmentation of our population.

OF INTERNAL DUTIES.

The duties on domestic distilled spirits, which when first laid, in the year 1791, were eleven cents per gallon upon spirits manufactured from foreign materials (molasses), and nine cents upon those manufactured from domestic materials (grain and fruit), are now ten and seven cents respectively upon the lowest proof of the two species, and rise as high as twenty-five and eighteen cents upon the highest proof. Country distillers, employed in distilling spirits from domestic materials, have the option to pay the above-mentioned duty, or to pay either a yearly duty of fifty-four cents or a monthly duty of ten cents for every gallon of the capacity of their stills.

The statement No. IV. exhibits the yearly amount of the revenue arising from those duties, so far as the accounts have been settled at the Treasury. The accounts for the half year 1791 and the year 1792 are settled for all the States,[1] Pennsylvania and Kentucky excepted. For the subsequent years they are but very imperfectly settled, and that document throws no other light on the subject but by accurately stating the actual receipts in the Treasury and the drawbacks obtained for exportation. It thereby appears that the total sums paid by the supervisors, from the first of January, 1792, to the first of January, 1795, amount to dollars $820{,}738\frac{13}{100}$, and that the total amount of drawbacks paid during the same period upon the exportation of domestic distilled spirits amounted to dollars $268{,}121\frac{88}{100}$; deducting from this last sum that part of the drawbacks which is repaid on account of the duty upon the importation of the molasses (viz., three cents per gallon), will leave dollars $208{,}496\frac{42}{100}$ for the part of the drawbacks paid on account of the duty raised on the distillation itself. This last sum subtracted

[1] This remark applies to the whole State, and, except in the western counties, which make about one-sixth part of the State, seems to have been due chiefly to the misconduct of some inferior officers, and in some degree to the sickness of one of the inspectors. From the establishment of the duties to the first of January, 1795, a period of three years and an half, that State paid in the Treasury, on account both of the distillery from domestic and foreign materials, only dollars $8094\frac{95}{100}$. The distilleries of Philadelphia alone have yielded much more.

from the dollars 820,738$\frac{13}{100}$ paid by the supervisors leaves, for the net receipts in the Treasury from that duty, dollars 612,241$\frac{71}{100}$ for a period of three years, or something more than 200,000 dollars a year. The payments made in the Treasury by the supervisors for the year 1795 were dollars 337,255$\frac{36}{100}$. But from that sum must be deducted the drawbacks, estimated at dollars 26,666$\frac{67}{100}$; the balance, consisting of about 310,000 dollars, includes the receipts on account, not only of the duties on distilled spirits, but also of all the other internal duties. These last are stated to have produced for the year ending on the 30th September, 1795, a gross revenue of dollars 170,000; but what proportion of the same had actually been paid in the Treasury before the 1st of January, 1796, and should therefore be deducted from the above 310,000 dollars in order to obtain the true receipts on account of distilled spirits for the year 1795, is not ascertained. The statement No. V., grounded partly on settled accounts and partly on estimates, showeth the yearly gross amount of the duties, after deducting the drawbacks which accrued from the 1st of July, 1791, to the 1st July, 1795, upon spirits distilled in cities, towns, and villages, and those distilled in the country. These last may, without any material error, be reckoned as being the amount of spirits distilled from domestic materials, the first as the amount of spirits distilled from foreign materials.

It thence appears that the yearly gross amount of duties upon domestic spirits distilled from foreign materials (continental rum) has decreased from 223,000 to 109,000 dollars; or that the consumption of that article has, within a period of four years, diminished from about two millions of gallons a year to about one million of gallons only. That decrease is owing to the situation of the West India Islands, from whence the molasses were usually imported. The average annual quantity imported in the year 1790 and 1791 was nearly 6,650,000 gallons. The quantity imported in the year 1794 did not amount to 3,500,000 gallons. It is impossible to form any conjecture on the future situation of the French West India colonies, and, of course, on the future extent of the manufacture in America. Whatever it may be, the revenue will not be affected by that circumstance,

and it will produce no material change in the quantity of spirits consumed. Whilst the consumption of home-made rum was decreasing by one million of gallons, the importation and consumption of foreign spirits increased to an equal amount, viz., from 4,100,000 gallons, the average annual consumption of the years 1790, 1791, and 1792, to 5,100,000 gallons, the present average annual consumption. It is proper to add that this branch of the revenue appears to have been overrated before the duty was laid; as the estimate was predicated on a supposed consumption of 3,500,000 gallons, whilst it appears that notwithstanding the very great importations of molasses in the years 1790 and 1791, the quantity distilled for consumption during the year ending on the first of July, 1792, did not amount to 2,100,000 gallons.

The gross amount of duties upon spirits distilled from domestic materials for the year ending on the 1st of July, 1792, was only 66,000 dollars. The open opposition in one quarter, and the general unpopularity of the tax almost everywhere, prevented an early and complete organization. It has not yet extended to the States of Kentucky and Tennessee, and is susceptible of a further increase in the State of North Carolina and in some parts of South Carolina. It never was carried into full operation in any part of the State of Pennsylvania till very lately, and the advanced price of grain has generally checked the distillery. Yet the statement exhibits an amount of gross revenue of 160,000 dollars for the year ending on the 1st of July, 1795. The increase it may receive from its general extension and complete organization may be estimated at 30,000 dollars more. The gross amount, therefore, of the revenue arising from the duties on spirits distilled both from foreign and domestic materials will be stated at 299,000 dollars (although for the year ending on the 1st of July, 1795, it was only 269,000), from which must be deducted the expenses of collection.

The statement No. VI. exhibits in detail the gross amount of the revenue derived from the duties on spirits distilled both from foreign and domestic materials, for the year ending on the last day of June, 1795, the deductions to be made for the expenses of collection and the net revenue remaining. The gross

revenue stated as per above at 269,000 dollars, the expenses at 70,000 dollars, or 26 per cent. on the gross amount of revenue, and the net revenue at 199,000 dollars. There are no materials from whence the expenses of collection for the preceding years can be accurately calculated. Those for that year are grounded upon an official statement laid before Congress during the last session. It appeared by that document that all the internal duties are collected by 16 supervisors, 22 inspectors, 236 collectors (14 of whom are also officers of the revenue of impost and tonnage), and 63 auxiliary officers,—in all 337; and that the whole amount of expenses of collection, calculated on the actual gross amount of revenue for the year ending on the last of June, 1795 (except in the case of spirits distilled from domestic materials, the duties whereon are estimated at 218,000 dollars instead of 160,000), is nearly 85,000 dollars. Deducting from this sum the compensations now allowed by law for the collection of the five other internal duties and the additional expense of collecting the extra sixty thousand dollars estimated in the document beyond the actual amount of the revenue on domestic distilled spirits, leaves the amount of expenses as above stated, viz., 70,000 dollars. Should the revenue receive the increase above mentioned of 30,000 dollars on spirits distilled from domestic materials, the expenses of collection would amount to 76,000 dollars on the gross revenue heretofore stated of 299,000 dollars, that is to say, $25\frac{1}{3}$ per cent., and leave a net revenue of dollars 223,000.

Those calculations are made as if the duties on spirits were collected alone, a mode which is adopted to show the true situation of that revenue considered in itself, and also because it is a permanent one, whilst the other five new duties are temporary, and will expire in 1801. The compensation now allowed by law for the collection of these does not exceed 4 per cent. upon the whole; but it is believed that, were they collected alone and independent of those on spirits, the expense would be about $7\frac{1}{2}$ per cent. A part, therefore, of the present expense of collecting all the internal duties may be viewed as common to both classes; as each, separately, would cost more to collect than they now do. Taking this into consideration, and, on the other hand, adding to the expenses those of the office of the commissioner of the reve-

nue which are not included in the above aggregate, would reduce the present expense of collecting the duties on domestic spirits to about 24½ per cent. instead of 25⅓ per cent. on the gross revenue.

The duty upon spirits distilled from domestic materials, being collected upon a very large number of manufactures scattered over an extensive and, in a great degree, thinly-settled country, costs much more than that which is raised on spirits distilled from molasses; this last manufacture being carried on by a few individuals on a large scale, and almost solely in a few seaports. From a comparison of the revenue collected in Rhode Island and Massachusetts, whose distilleries, especially in the first-mentioned State, are almost exclusively employed in the distillation of molasses, with the expense attending the collection of the same, it results that the total expense of collecting the gross revenue of 109,000 dollars raised on spirits distilled from foreign materials amounts to 16,000, that is to say, to 14½ per cent., and leaves a net revenue of 93,000 dollars. The expense of collecting the gross revenue raised upon spirits distilled from domestic materials amounts, therefore, for the year ending on the last of June, 1795, to 54,000 dollars on the gross sum of 160,000, that is to say, to near 34 per cent., leaving a net revenue of 106,000 dollars; and, on the supposition of the contemplated increase of 30,000 dollars, may amount to 60,000 dollars upon the gross sum of 190,000, that is to say, to 31½ per cent., leaving a net revenue of 130,000 dollars, which, added to the net revenue of 93,000 on spirits distilled from foreign materials, form the above-stated aggregate of 223,000 dollars. If the expense of collecting the duties on spirits distilled from domestic materials is contemplated, as connected with that of collecting all the other internal duties, it will appear to be, upon the principles of the calculation of the last paragraph, something more than 30 per cent instead of 31½.

It requires no argument to show that a tax the collection of which costs more than 30 per cent. is a bad one, and no doubt could remain of the propriety of repealing it and substituting any other in its stead, was it not viewed as connected with the impost upon imported spirits. It must be recollected that the

revenue derived from these amounts to near one million and a half of dollars; and there can be no doubt that it would be, in some degree, affected by a total exoneration of the tax now paid on the domestic manufacture. It may therefore be more advisable, under the present circumstances, to modify the most exceptionable part of the law,—that which relates to spirits distilled from domestic materials. The most eligible mode of doing it that has been suggested is to lay a moderate monthly or yearly duty on stills, proportionate to their capacity, repealing altogether the option now given by law to pay in proportion to the quantity distilled. It is believed that the following valuable purposes will be answered by that change. The difficulty of discovering the quantity of spirits manufactured naturally causes evasions of the duty equally injurious to the revenue, to the fair trader, and to the morals of the people. A premium, indeed, seems to be offered by the present law to those who shall violate their oaths; a temptation perhaps too strong to be always resisted by all the individuals of the numerous class of people to whom it is presented. To prevent those evasions it becomes necessary to create a number of officers proportionate to the extent of territory, to the number of manufacturers, and to the duties to be performed by those officers; to invest them with extensive powers, and to subject the manufacturer to a vexatious but necessary inquisition. But it is very easy to know whether a man does distil or not, however difficult it may be to find out what quantity of spirits he does distil. The number of officers need, therefore, be comparatively few; the duties and the time employed by those whom it will be necessary to keep will be considerably lessened. Every distiller feels interested that the duty be paid by all; on the present plan he can by no means check the frauds committed by others; on the plan proposed he will contribute to secure the public against them. In every point of view the expense of collection will be diminished: evasions of the duty will become almost impossible, and the distiller, after having paid for his license, will be liberated from the visits of the officers and from the duty now imposed on all, however inconvenient to many, of keeping correct books and accounts. The only objection to the adoption of this mode (which is now before Congress)

is a fear of its being unequal. It will fall more heavily upon small stills, which are commonly owned by men of less capital and used in less advantageous situations. This, however, may be remedied by making the duty something less, in proportion to their capacity, upon stills under a certain dimension. It may be further observed that, however improper and dangerous it may be for government to pass laws with a view of giving a certain direction to industry and capital, it cannot be doubted that the effects of a provision which tended gradually and without any injury to the property now vested in that species of property to diminish the immense number of small distilleries would prove favorable to the general wealth and to the morals of the community. The same quantity of labor produces perhaps a double quantity of spirits in large than in small distilleries; and if these may sometimes fall under the favorable denomination of family manufactures, that advantage is more than counterbalanced by their becoming the tippling-houses of every neighborhood where they prevail. Such provision in this last point of view, a desire of checking the consumption of spirits, would prove far more effectual than a high duty. Six millions two hundred thousand gallons of spirits distilled, either in the United States or abroad, from foreign materials, and near four millions of gallons[1] distilled from grain and fruit, offer the enormous and lamentable aggregate of ten millions of gallons of spirits annually consumed by the inhabitants of the United States. This consumption has not received any decrease from the high duty of 25 cents per gallon laid on the lowest proof of imported spirits; and it must be well remembered that the object of government in laying these and other duties on spirits was not to check the use, but to raise money; and that if experience was to show that they become prohibitory and diminish the consumption, an attempt to lower them, in order to encourage that consumption and to increase the revenue, would probably follow.

---

[1] Estimating the gross revenue at 190,000 dollars, the rate of duty (on account of its being reduced by the option of taking licenses) at 6 cents, and one-sixth part of the duty to be evaded, gives 3,700,000 gallons.

The duty upon retailers of wines and foreign spirits consists of five dollars a year for a license to retail either, and must be paid by all persons (other than tavern-keepers and apothecaries) selling wines in less quantities than thirty gallons, or spirits in less quantities than twenty gallons. Its produce for the year ending on the last of September, 1795, is stated at 54,731 dollars; but, on account of sundry imperfect statements, may be fairly estimated at 60,000 dollars, the expenses of collection at $2\frac{1}{2}$ per cent., or 1500 dollars, and the net revenue at dollars 58,500.

The object of a duty upon the retailers of any article of consumption which is already taxed is to increase that tax; but, by dividing it, to diminish the temptation of smuggling and the evasions of the duty. The duties upon the importation of wines and spirits amount to nearly 2,000,000 dollars. The 60,000 dollars added by way of license make only an additional three per cent. on the duty, not one per cent. on the article. It does not seem that so trifling an addition, less than one cent. per gallon upon articles which pay at least twenty-five, could possibly encourage smuggling. As the duty upon licenses falls in a very unequal manner, being indiscriminately paid by all retailers, whether they sell much or little, and operates partly as a tax upon consumption and partly as a premium to large retailers, it appears that the sum which it now yields would be more justly and as conveniently raised upon the importation of the article. This revenue, however, may be rendered more productive by increasing its rate in such a manner as to equalize the duty.

The duty upon sales at auction, which varies from a quarter to a half per cent., is stated to have yielded, for the same year, 31,290 dollars, and, on account of imperfect statements, may be estimated at 35,000 dollars, the expenses of collection at two and a half per cent., or 875 dollars, the net revenue at about dollars 34,000. This duty falls almost entirely upon the same articles which pay a duty upon importation, with this difference, that the one falls equally upon the consumer, and the other, in the most unequal manner, on the importer or some other dealer who

finds himself compelled to raise money. Its productiveness must chiefly depend on the fidelity of the auctioneers themselves, and the most trifling addition to the duty paid on importation would supply its room.

The duty of two cents per pound upon sugar refined within the United States is stated to have yielded, for the same year, 33,812 dollars; but on account of imperfect statements may be estimated, after deducting drawbacks, at 40,000 dollars, the expenses of collection at 5 per cent., or 2000 dollars, and the net revenue at dolls. 38,000. The manufacturers, assisted by the high duty upon the importation of the article, supply the whole consumption of the United States.

The tax upon snuff manufactured within the United States was first laid on the quantity manufactured, at the rate of eight cents per pound, and during the six months ending on the last day of March, 1795, while it remained in that shape, is stated to have yielded only 2400 dollars; in which account, however, are not included the returns for the first survey of Pennsylvania and for the State of Delaware, which pay about one-half of the duty. From the first of April, 1795, the tax has been laid on the mills employed in the manufacture, and is stated, for the six following months, to have produced 7112 dollars; but on account of deficient statements may be estimated for one year at about 20,000 dollars. But during the same period the drawbacks allowed, at the rate of six cents per pound, seem to have exceeded the amount of gross revenue. From the first of April, 1795, to the 23d of February, 1796, there were exported from the port of Philadelphia alone 237,000 lbs., and, from the shipments then going on, there is little doubt that the quantity exported from that port for the whole year, ending on the first of April, 1796, amounted to 350,000 lbs.; the drawbacks whereon would form a sum of 21,000 dollars. The ex-

portation from the other ports is not published, but it would probably swell the sum beyond 25,000 dollars. The quantity exported was even increasing, for of the above 237,000 lbs. only 75,000 were exported during the first six months, and 162,000 during the five last. In fact, snuff was manufactured for exportation for the sake of the drawback, which operated as a bounty. An alteration in a revenue law, which thus drained the Treasury instead of yielding a revenue, became necessary. The difficulty of rendering the duty equal, on account of the great difference in the relative situation and powers of the mills, the consequent complaints of the small manufacturers, the necessity of allowing a drawback upon the exportation of an article both of the growth and of the manufacture of the United States,[1] the impossibility of fixing a drawback on the quantity of the article proportionate to the duty laid on the machinery employed in manufacturing that article, together with the evasions stated to have taken place by hand-mills employed in vaults, where the noise could not be heard, determined Congress, during last session, to suspend the law for one year. As the suspension may continue, and as, unless an entirely new plan is proposed and adopted, this duty cannot yield anything, it cannot at present be counted amongst the productive branches of revenue.

The yearly duty upon carriages used for the conveyance of persons, which at first was from one to ten dollars, according to the species of carriages, is stated to have yielded for the year 1794–1795 the sum of 41,400 dollars. But some returns are not included in that statement; the controversy occasioned by the tax has probably rendered it less productive, and the duties

[1] The manufacturers supply the whole consumption of the Union, and the exportations previous to and independent of the law were increasing. The quantity entered at the custom-houses for exportation had increased from 12,900 lbs., the average of the years 1790–1792, to 36,500 lbs., the average of the years 1792–1794. It is presumed that, owing to some peculiar circumstances of that trade, a great proportion of the exportations was not entered.

have been increased about 50 per cent. during the last session of Congress. The produce of this duty may therefore be stated at 60,000 dollars, the expenses of collection at 3000 dollars, or 5 per cent., and the net revenue at dollars 57,000.

The controversy just alluded to has already been mentioned. This tax differs from others upon consumable commodities, 1stly, in that it is not paid once for all, but yearly, being laid on the use and not on the consumption properly so called; and, 2dly, because it is paid immediately by the person on whom it finally falls, instead of falling upon him indirectly through the medium of a tax upon the manufacturer,—circumstances which give it the appearance of a direct tax. If, however, the principles upon which a definition of direct taxes has been attempted are correct, this tax will be found to be indirect, as it falls altogether upon an article of expense and not of revenue. For in the only instance where a carriage affords a revenue to the owner, viz., when it is kept for hire, the tax is not paid by him, but by those who consume, who use, who hire the carriage. In that it essentially differs from a tax upon houses, which it has been thought in some particulars to resemble. A house, indeed, is not a productive article in itself; it is an object of expense and not of revenue to him who enjoys it; but it is not less an article of revenue to the owner; and as, except in a few particular cases, the demand for houses regulates the rent and cannot be affected by the tax, this almost universally actually falls upon the owner and not upon the tenant, upon the revenue and not upon the expense. The duty upon stills, proposed as a substitute *in toto* for that upon spirits distilled, might, perhaps, upon a first view, be deemed a direct tax, as falling upon a productive article; but in this case the still is only used as the means of ascertaining the quantum of duty, and the tax does not fall on the profits of the distiller, on his revenue, but on the consumer of the spirits distilled, on his expense. A tax upon all articles of visible property, assessed in proportion to its value, or to the rent derived from it, and which would include stills, would, however, it seems, be a direct tax. A want of precision in the expression itself, and the difficulty of distinguishing, in all cases, articles of revenue from articles of expense, render it, however,

perhaps impossible always to ascertain whether a tax is direct or not; and it will be more prudent in practice to raise, as direct and indirect taxes respectively, only such as clearly come within that denomination under which the Legislature of the Union shall class them, and to leave those of a doubtful nature to the individual States.

The statement No. VII. exhibits a view of all the internal duties for the year 1794–1795; the gross revenue amounting to 425,700 dollars, the expense of collection to 76,650 dollars, or 18 per cent., and the net revenue to 349,050 dollars.

The statement No. VIII. exhibits a view of the same revenue, according to its probable productiveness hereafter. The gross revenue is there stated at 494,000 dollars, the expenses of collection at 83,375 dollars, or 17 per cent., and the net revenue at 410,625 dollars. The permanent revenue from internal duties will, therefore, be estimated at . . . dollars 410,000

OF DUTIES ON POSTAGE.

The statement No. IX., which exhibits a view of this branch of the revenue, requires no explanation. The gross amount is yearly increasing, and the greatest part of the surplus is commonly appropriated in extending the benefits of the institution through those parts where a scattered population could not support the expense. It still leaves a net revenue of about dollars 30,000. The expenses of institution cannot be considered as charges of collection; they are not a tax upon the people, but only the payment of a highly beneficial and necessary public undertaking for which the community should have to pay, whether it was done by individuals or government. In this particular this revenue essentially differs from what is raised by taxes, and for this reason has not been classed with the internal duties.

OF THE DIVIDENDS ON BANK STOCK.

The United States hold five thousand shares of the stock of the Bank of the United States, which have cost them, at 400 dollars a share, a sum of 2,000,000 dollars. This sum they borrowed from the bank itself at the rate of six per cent. a year, and had on the 1st of January, 1795, discharged 600,000 dollars of that loan. But, as they were enabled to make that payment only by contracting new loans, the actual revenue under this head consists only of the difference between the interest paid by government upon the loan and the dividend received upon the bank stock, which, at the average rate of a dividend of 8 per cent. a year, might be estimated at about 40,000 dollars a year. As, however, in the account of expenditures, the whole amount of yearly interest payable on that, as well as on all other loans, will be charged, this branch of revenue is here set down at its nominal amount of dollars 160,000.

RECAPITULATION OF THE REVENUES OF THE UNITED STATES.

Duties on imports and tonnage		5,810,000
Internal duties		410,000
Postage of letters		30,000
Dividend on bank stock		160,000
Total	*Dolls.*	6,410,000

But if the 40,000 dollars, bounties to fisheries, are deducted from the amount of duties on imports and tonnage, these will be reduced to 5,770,000 dollars, and the total amount of net revenue will then be . . . . *Dolls.* 6,370,000

SECTION II.

OF THE EXPENSES OF THE UNITED STATES.

Of the Receipts and Expenditures to the 1st January, 1796.

In order to have a distinct and comprehensive view of the expenditures of the Union, it is necessary to consider at once, and without any reference either to the different funds or to the places where the moneys may have been received or paid, the whole of the disbursements and consequently of the receipts of the United States. The statement No. X. exhibits a view of those receipts and disbursements from the establishment of the present government to the 1st of January, 1796, distinguishing those under each year, except for the years 1789, 1790, and 1791, which, in the official documents, are generally blended together. The receipts are arranged under the following heads, viz.:

1. Moneys arising from balances of accounts which originated under the late government.

2. Revenue arranged under the different heads mentioned in the preceding section.

3. Incidental, consisting of sundry items which cannot properly be considered as a permanent revenue, viz., fines and forfeitures for crimes,[1] fees on patents, sales of arms, and profits on sundry bills of exchange drawn for moneys remitted from America to Holland, and from Holland to America and to France.

4. Loans, distinguishing those effected in Amsterdan and Antwerp from those obtained in America, and, amongst these last, those obtained in anticipation of the revenues from all others.

The expenditures are arranged under the different heads of

[1] Fines and forfeitures incurred for breaches of the revenue laws are included under the respective heads of revenue.

current expenditure, interest on the public debt, reduction of the public debt, and reimbursement of loans and subscription to the Bank of the United States; the current expenditure being classed under the heads of civil list, pensions and grants, military establishment, intercourse with foreign nations, and sundries, which last item, besides miscellaneous and contingent expenses, includes those attending the light-houses and the mint establishment. The statement marked (A) exhibits at one view the general results both of the receipts and expenditures.

It results from that document that, during the period of six years and a half, the expenditures have exceeded those receipts which arose from the revenues (including therein incidental receipts) of the present government by a sum of dols. 3,228,961$\frac{18}{100}$. For during that time the aggregate of loans amounted to dollars 19,503,204$\frac{37}{100}$, which, added to dollars 162,639$\frac{29}{100}$ [1] received on account of balances due to the late government, form a total of dollars 19,665,843$\frac{66}{100}$; whilst, on the other hand, the moneys applied to the reduction of the public debt amounted only to dollars 13,922,924$\frac{33}{100}$, which, added to 2,000,000 dolls. subscribed to the Bank of the United States, and to dollars 513,958$\frac{15}{100}$ balance remaining in cash on first of January, 1796, form a total of only dollars 16,436,882$\frac{48}{100}$; the difference between which sum and the above-stated sum of dollars 19,665,843$\frac{66}{100}$, received upon loans and old accounts, is equal to the above-mentioned excess of expenditures, viz., dollars 3,228,961$\frac{18}{100}$. Or the aggregate of receipts arising from revenues and incidental sources amounts during that period to dols. 24,347,956$\frac{86}{100}$, which sum is less than the total of current expenditures, including therein the interest and charges upon the public debt, amounting for the same period to dollars 27,576,918$\frac{4}{100}$, by the same above-stated sum of dollars 3,228,961$\frac{18}{100}$.

It must, however, be observed that this account includes only the moneys actually received in and paid out of the Treasury in

---

[1] The greater part of this sum, viz., dollars 132,475$\frac{36}{100}$, was a balance in cash remaining at the time of the establishment of the present government in the hands of the bankers of the United States in Holland.

America or the hands of the bankers of the United States in Holland. In order to have a correct view of the expense, it is necessary to take into consideration not only the quantity, but also the application, of the moneys stated, under the head of "reduction of public debt," to have been applied to the purchase of that debt, as not only the *nominal amount* of the debt thus purchased is much larger, but even its *real value* exceeds the moneys thus applied.

The statement No. XI. exhibits a view of those purchases as made by the commissioners of the sinking fund. The total amount of moneys applied to purchases by them was dollars $1{,}618{,}936\frac{4}{100}$; the nominal amount of the different species of stock purchased by them, dollars $2{,}307{,}661\frac{71}{100}$; the real value of the said stock, estimating the six per cent. stock at par, the deferred stock at 75 per cent., and the three per cent. stock at 60 per cent., dollars $1{,}880{,}921\frac{35}{100}$; which last sum exceeds the amount of moneys applied to purchases by dollars $261{,}985\frac{31}{100}$; which reduces the excess of expenditures beyond receipts to dollars $2{,}966{,}975\frac{87}{100}$.

Several other considerations of less importance, but which might, however, affect in some degree that result, are omitted here; but those of a general nature will be taken notice of either in the course of this section or when the subject of the debts of the United States comes under view; and those which relate merely to details will be found, in the shape of notes, annexed to the statement No. X.

A deficiency caused by an excess of expenditures over the receipts must always be supplied by new loans, and create an increase of debt. It is commonly owing to the extraordinary expenses which attend a war, and although not the unavoidable, has with most nations been the usual result of every one in which they have been engaged during the present century. Great Britain and France, either unable or unwilling to draw from their subjects a revenue equal to the prodigious waste of money which attends modern wars, have uniformly supplied by loans the greatest part of that expense, and raised taxes only to the amount of the interest of those loans. Such a system, managed with ability and supported by prosperity, may last for a

long period of time. Its ruin may be accelerated by a general convulsion, or by any of those extraordinary events which considerably diminish the general resources, the commerce, the wealth, the annual income of a nation; but its natural existence seems to be limited only by the ability of raising a revenue in taxes equal to the interest payable upon the debt. But it has been unusual to see a nation so improvident as to suffer in times of peace and prosperity its expenses to exceed its revenue and its debt to increase. In France, where the prodigality and mismanagement of the government, united to an injudicious selection of taxes and to the exemptions claimed by some classes of the nation, had indeed produced such an effect, the consequences are but too well known.

There is, however, some apology to be made for the United States. A government in its infancy, with a heavy weight of debts, cannot, without oppression, raise at once from the people the same amount of taxes which, if laid gradually, would not be thought burdensome. It is, however, their duty under such circumstances to proportionate their expenses to their ability; and this was the case during the first years of the existence of the present government; for it will appear from the statement No. X. that no deficiency of revenue took place till the year 1792. It may also, perhaps, be said that, although we have not been engaged in the European war, the circumstances of that war and some domestic occurrences have necessarily involved us in some extroradinary expenses. Amongst these are usually reckoned the increase of the military establishment due to the Indian war, the naval armament, the fortifications of our harbors, the treaty with Algiers, and the expedition of the militia employed to suppress the western insurrection. It must, however, be remarked that the increase of the military establishment and the naval armament have not been considered by government itself as an extraordinary, but as a permanent, object of expense; for, notwithstanding the discontinuance of those causes which served as a pretence for both objects, the same number of effective men has been retained in the land service, and nearly the same annual expense is necessary to support our present naval establishment. The total expense of the naval

armament incurred before the year 1796 amounts to 470,000 dollars; that of the fortifications only to 120,000; the moneys were voted in March, 1794, and by far the greatest part expended only in 1795. The expenses attending the conclusion of the treaty with Algiers are not yet fully ascertained, but may be estimated at 800,000 dollars; the money was voted, also, in March, 1794; a very inconsiderable part, if any, was raised before 1795, no part paid to Algiers till the latter part of the same year, and the payment not completed till 1796. It is, therefore, evident that the plea of urgency, so far as relates to those various objects, cannot avail; that a sufficient time elapsed between the originating of the expense and the application of the moneys to have raised an adequate revenue. Three hundred thousand dollars were appropriated in the same month (March, 1794) for the purpose of replenishing the public stores and magazines, making repairs, &c.; but it does not clearly appear from the official documents how much of that sum has been expended, or at what periods. The accounts of the militia employed to suppress the western insurrection are not yet published; but there were appropriated for that purpose by Congress 1,122,569 dollars for the expedition itself, and 100,682 dollars for the detachment of militia stationed there for some months after the return of the main army; both sums amounting together to 1,223,251 dollars. This, or at least the first-mentioned sum, is the only article which seems properly to fall under the head of extraordinary expenses. It was unforeseen, and, allowing it to have been necessary to that extent, must from its urgency have been incurred before a revenue could be raised to discharge it.

It is difficult to ascertain whether any of those expenses, permanent or extraordinary, might have been avoided; whether, although perhaps all in some degree useful, they were all necessary; for the decision of the question must, more than any other, depend upon opinion. In the opinion of the writer of these sheets, there are some which were unnecessary. Without laying any great stress upon what savings might have been made in the civil list and in some of the annuities and grants, which could not, at all events, amount to a very large sum, since the annual

expense for both items is but about 450,000 dollars; without taking into view the 90,000 dollars already expended upon the mint establishment, without any apparent advantages having been derived from it, it will be sufficient to attend to some of the most important objects.

First. It will be demonstrated in the next section, which treats of the debts of the Union, that out of the sum of near 21,800,000 dollars, in debts of the individual States and balances due to the same, which have been assumed and funded by the Union, near 10,200,000 dollars have been assumed beyond the sums in those debts and balances, which it would have been necessary to fund in order to place the accounts of the Union and of the individual States in the same relative situation in which they now stand. The interest actually paid out of the Treasury upon that excess (exclusively of 700,000 dollars interest accrued and not paid, but funded, upon the balances due to the several States; which item makes an increase of debt instead of an article of expense), together with two per cent. paid on part of the principal on the 1st of January, 1796, amounts to dollars $1,198,202\frac{5}{100}$; which are an unnecessary expense, arising from an unnecessary assumption of debt, and which must continue till the debt itself is discharged.

Secondly. It is highly probable that the protection of the frontiers might have been effected with a less number of men, and the men in service supported with less expense; what might have been saved on this head cannot be calculated; the following data may, however, assist in forming some idea of it. The troops of the United States engaged on the frontiers, from the peace of 1783 to the year 1790, a period during which the inhabitants were as effectually protected as they have been since, did not exceed eight hundred men. When what has been called the Indian war began, the hostilities of the Indians were not greater than they had been before; they consisted of that petty warfare so cruel and distressing to the frontiers, but always experienced, both in peace and in war, from those tribes which are not nearly enclosed by the settlements, and which could be checked only by the possession of the posts on the Lakes. The number of soldiers had been previously nominally increased to

twelve hundred men in April, 1790, and to two thousand one hundred in March, 1791. Another nominal increase took place in March, 1792, after General St. Clair's defeat, which should have raised the army to 5200 men. A farther addition of near 800 artillerists was made in May, 1794. But it appears that the number of effective men never much exceeded three thousand. The annual expense, including the Indian Department, averaged 220,000 dollars during the three years 1789, 1790, and 1791 (which includes about 100,000 dollars extraordinary expense of General Harmar's campaign in 1790, and a part of the expenses of the campaign of 1791, under General St. Clair). The annual expense during the years 1792 and 1793 exceeded 1,100,000 dollars, and during the years 1794 and 1795 (after deducting fortifications, expenses relative to the western insurrection, and extraordinary purchases of arms, &c.) averaged 1,750,000 dollars. The number of troops actually employed has increased in the ratio of four to one from the year 1790 to 1795; the expense in the ratio of eight to one.

Thirdly. The naval armament, which, on its present plan, seems to be rather an object of parade than of real utility, has already cost 470,000 dollars. To complete the six frigates first intended to be built would, according to the last estimate of the Secretary of War, have cost 1,142,160 dollars, manning and provisions not included. Whether it is proper for the United States at present to create a navy is a question equally delicate and important; but it would seem that, if it is to be determined in the affirmative, the same sum which is necessary for beginning six frigates and finishing three might have been more usefully applied in laying the foundation for a real navy by the purchases of timber, materials, &c., and by preparing all those things which time alone can procure.

Fourthly. The call of about 15,000 militia and the expenditure of twelve hundred thousand dollars for the purpose of suppressing mobs and riots committed but partially in a country which contains only 70,000 souls, must have been grounded upon mistaken ideas of the views, union, and strength of those concerned, and upon misrepresentations of the sentiments of a great proportion of the people there. It is believed that it will

be admitted by every candid man employed in the expedition who had tolerable means of information that one-fifth part of the men and of the money were sufficient to obtain every ostensible object of the expedition.[1]

Whether, however, all or any of those expenses were necessary or not, it is certain that all of them might and should have been defrayed by raising a revenue coequal to the expense. It sometimes happens that, notwithstanding the care of the Legislature, a revenue will prove deficient, will yield less than had been expected: this, upon an average, has not been the case of the United States. Although all the internal duties have always fallen short of the sums expected from them, those upon imports have uniformly yielded considerably more than the estimate. But in many instances, although the object of expense was immediate, the revenue did not begin till some months after, and the intermediate expense must be supplied by an anticipation of the revenue.

The first and most undeniable evil which arises from anticipations is the additional expense caused by the interest to be paid for them. The total amount of interest paid for domestic loans for the year 1795, exclusively of that incurred for the subscription to the bank stock, was near 150,000 dollars; and to this must be added the premiums which must at times be paid in order to obtain the loans. Thus, eight hundred thousand dollars in six per cent. stock were borrowed in 1795, at par and as cash, from the Bank of the United States, for the purpose of completing the treaty with Algiers, which, it seems, have produced only 720,000 dollars in specie. If it be allowed, and there is no reason to doubt it, that no better mode of obtaining the money could be adopted, nothing can prove in a stronger manner the necessity of raising a revenue instead of recurring to loans. To give ten per cent. premium, and six per cent. interest on the nominal sum borrowed, in times of peace and unexampled prosperity, is equally ruinous and absurd.

---

[1] In support of the opinion, a comparison might be drawn between the extent and real views of Shays' insurrection and those of the western one; and between the means employed and the moneys actually expended in suppressing each.

It has been supposed by some that this was the only consequence of anticipating; and it has been urged that, provided a revenue originated at the same time with an object of expense, although that revenue did not become immediately productive (on account, as an instance, of the credits given to importers), yet, as a debt was contracted to government by those importers from the moment of importation, it might be set off against the anticipation made by government. Thus, although it be allowed that the receipts arising from revenues had fallen short of the expenses at the end of the year 1795 by a sum of three millions of dollars, and had caused an anticipation, a debt to an equal amount; yet it is insisted that the nominal revenue to the same date had exceeded the expenditure; that the bonds due by the merchants for the imposts, and which (after the deductions to which they were liable for drawbacks) may be estimated at four or five millions of dollars, were more than sufficient to counterbalance that anticipation. Supposing that those bonds were to be considered as a credit in favor of the public, and to be contrasted with the increase of debt, it still would be fallacious to contrast them with the expenditures. Whatever the nominal revenue may be, by whatever name it be called, it is not less evident that the expenses of one year can be defrayed only out of the actual receipts of the same year. Thus that part of the nominal revenue of 1795 which is not paid in the Treasury during that year, which consists of bonds payable in 1796, constitutes, in fact, the actual revenue, not of 1795, but of 1796. It cannot be applied to pay any part of the expenses of 1795; it cannot be applied to repay the anticipations made in 1795; it is barely sufficient to defray the current expenses of 1796; it is the revenue of 1796. Whenever a permanent expense is incurred, beginning with the first of January of one year, if the revenue appropriated to discharge the same does not become productive, does not bring money to the Treasury till the following year, a debt equal to the expense of that object for one year must be incurred; and it never can be discharged out of that revenue till after the expense itself has ceased. Thus, if an individual, in the year 1795, increases his revenue by an annuity of one hundred pounds, but payable only from the year 1796,

and chooses at the same time to increase his expense to the same amount from the beginning of 1795, he must necessarily incur a debt of one hundred pounds, which debt, as long as he continues the same expense, never can be paid out of the annuity.

Should a self-evident truth have required additional proof, this received one during the last session of Congress. Anticipations had been obtained from the Bank of the United States to the amount of 3,800,000 dollars. The bank—and this may serve as a lesson to the friends of anticipations—requested that the whole should be paid to them during the year 1796. The money was due; they had a right to ask for it; they stood in need of it. Although the demand of the whole amount at once was unexpected, and was made at a time when it was well known that government could neither borrow the money in Europe nor raise it at once by taxes, yet it was necessary to pay it or to proclaim our inability. An assignment on that nominal revenue of 1795, which is represented as a debt due to government, would not do. That revenue, receivable in 1796, must pay the expenses of that year. The Legislature, in order not to be guilty of a breach of faith, in order to discharge the anticipations, were obliged not only to create a six per cent. stock irredeemable for twenty-four years, but to direct that one-half of that stock, and the whole of the shares held by the United States in the bank, should be sold at whatever price could be obtained.

Again; the idea that the bonds due by the importers are a credit in favor of the public, to be set off against any debt that may have been incurred by government, will, upon investigation, prove to be groundless. The debts due by the United States are due by the people of the United States, and can be discharged only out of the purse of the people of the United States. To whom are the bonds given by importers due? To the United States, to the people of the United States. True, and thence it is inferred that they should be deducted from the debt due by them. But by whom are those bonds due? By the importers? No; they are due by the consumers, by the people of the United States; and until those consumers, until the people of the United States shall have discharged them, shall actually have paid the

amount of the duty to the importer and enabled him to pay the amount of his bond in the Treasury; until, in a word, the moneys are paid either to the collectors or to the Treasury, no part of the debt due by the people of the United States can be considered as discharged.

The account stands thus:

The people of the United States Dr.	
1st. The amount of the debt of the Union, say dollars	80,000,000
2d. The duties they owe to government . .	5,000,000
	85,000,000
Cr. By the bonds due to government, dollars .	5,000,000
The balance due by the people of the United States is still	80,000,000
	85,000,000

The only credit to be given is that part of the duties which, although not yet in the Treasury, has actually been paid by the people to the collectors. This sum cannot be taken under consideration when speaking merely of receipts and expenditures, but shall be credited when a calculation is made of the debts of the United States.

From these considerations, it follows that the duties accrued but not yet due to government are only a nominal account, ascertaining the amount and securing the payment of the moneys which shall actually be paid hereafter by the people; that any expense incurred in one year beyond the actual receipts of that year must necessarily be supplied by loans, and that the increase of debt thereby caused is not less real whether those loans are obtained for a longer or shorter period, whether they go by the name of funded debt or of anticipations. To conclude in the words of a justly celebrated writer, "In Great Britain the annual land and malt taxes are regularly anticipated every year. . . . The Bank of England generally advances, at an interest which since the revolution has varied from eight to three per cent., the sums for which those taxes are granted. . . . The only consider-

able branch of the public revenue which yet remains unmortgaged is thus regularly spent before it comes in. Like an improvident spendthrift, whose pressing occasions will not allow him to wait for the regular payment of his revenue, the state is in the constant practice of borrowing of its own factors and agents, and of paying interest for the use of its own money."

Smith's Wealth of Nations, Book v. Chap. 3d.

OF APPROPRIATIONS.

It is declared by the Constitution of the United States that "no money shall be drawn from the Treasury but in consequence of appropriations made by law." Two things constitute the appropriation: 1st, the sum of money fixed for a certain expenditure; 2d, the fund out of which the money is to be paid. The executive officers can neither change the appropriation by applying money to an expense (although the object of that expense should have been authorized by law) for which no appropriation has been made, nor spend upon an authorized object of expense more than the sum appropriated, nor even that sum, unless the fund out of which it is payable is productive to that amount. Funds are classed and distinguished in relation either to receipts or to expenditures.

The general receipts of the United States have been divided into two classes: the moneys obtained upon loan in Holland, commonly denominated the foreign fund, and the moneys obtained in America, whether arising from taxes or loans, designated by the name of domestic fund. The statements No. XII. and XIII. are an abstract of the yearly receipts and disbursements already contained in the statement No. X., but distinguishing them, under each of those two funds, from the establishment of the present government to the 1st of January, 1796. The foreign fund was exclusively appropriated to pay, 1st, the interest due on the foreign debt before the year 1791; 2d, the instalment of the principal of the foreign debt and of the loan contracted in order to pay for the bank stock of the United

States as the said instalments became due; 3d, the principal and interest of a debt due to certain foreign officers; and, 4thly, certain purchases of the domestic debt made by the commissioners of the sinking fund.[1] The domestic fund was appropriated to discharge the interest due on the public debt after the year 1790, the current expenditures, the domestic loans obtained in anticipation of the revenues, certain unfunded debts contracted under the late government, and part of the purchases of domestic debt made by the commissioners of the sinking fund.

It appears by the statement that on the last day of December, 1792, there was a balance in favor of the foreign fund of dollars $3{,}453{,}992\frac{9}{100}$; that is to say, the moneys received from foreign loans to that day exceeded, by that sum, the expenses for which they were exclusively appropriated. On the same day there was a balance against the domestic fund of dollars $856{,}308\frac{26}{100}$; that is to say, that the expenses, to the discharge of which this fund was appropriated, had exceeded, by that sum, the actual receipts arising from the revenues, which constituted that fund. The balance of dollars $3{,}453{,}992\frac{9}{100}$ in favor of the foreign fund consisted of the following items: 1st, dollars $1{,}814{,}239\frac{32}{100}$ yet unexpended and in the hands of our bankers in Holland; 2d, dollars $783{,}444\frac{51}{100}$ also unexpended, but in America, and constituting the whole balance of cash in the Treasury on that day; and, 3dly, dollars $856{,}308\frac{26}{100}$ applied to cover the deficiency of the domestic fund; that is to say, that not only the whole of the moneys in hand, whether in Holland or in the Treasury, arose from foreign loans, but that more than 850,000 dollars, arising from the same source, had been actually expended and applied to discharge a class of expenditures for which they were not appropriated. It was this transaction which gave rise to the following motion, made in the House of Representatives

---

[1] The denomination of "sinking fund" relates to expenditures. The domestic and foreign funds comprehend all the receipts. The sinking fund is the aggregate of certain moneys arising from both the domestic and foreign funds appropriated to the redemption of certain parts of the public debt, under the direction of the Vice-President, Chief Justice, Secretary of State, Secretary of the Treasury, and Attorney-General, who are called the commissioners of that fund.

in February, 1793, viz.: "*Resolved*, That the Secretary of the Treasury has violated the law passed the 4th of August, 1790, making appropriations of certain moneys authorized to be borrowed by the same law, in the following particulars, to wit: 1st, by applying a certain portion of the principal borrowed to the payment of the interest falling due upon that principal, which was not authorized by that or any other law, &c." Although it is now demonstrated by the official statements (from which the statements No. XII. and XIII. are abstracted) that that resolution was strictly and literally true, it was at that time negatived by a large majority.

That transaction, however, was, to a certain degree, rather a want of form than a substantial violation of the appropriation law, and arose from this circumstance. It has been mentioned that a part of the domestic fund, as well as a part of the foreign fund, was appropriated to the making certain purchases of the domestic debt, and together constituted the sinking fund. The part of the domestic fund appropriated for that purpose consisted of the surplus of the nominal revenue arising from duties on imports and tonnage, to the end of the year 1790, beyond the specific appropriations charged to the same. But as that surplus consisted almost entirely of that part of the nominal revenue of 1790, which was payable only in 1791 and 1792, which constituted in fact a part of the receipt or actual revenue of those years, and was necessary to discharge the expenses and especially the interest on the public debt payable in 1791 (since a part of the nominal revenue of 1791, being receivable only in 1792, could not be applied to discharge the expenses of 1791), it was enacted by a law that "such reservations should be made of the said surplus as might be necessary to make good the payment of interest payable in 1791, in case of deficiency in the amount of the receipts into the Treasury during that year on account of duties on imports and tonnage accruing after the year 1790." Thus that surplus, which was found to consist of dollars $1{,}374{,}656\frac{40}{100}$, was applicable either to purchases of the debt or to payment of the interest due in 1791. But the foreign fund, a part of which might be united to the said surplus in constituting the sinking fund, was in no case to be united or substituted to

that surplus in the other application to which this was liable, viz., the payment of interest due in 1791. The contingency foreseen by the Act of Congress took place; the receipts during 1791 on account of the duties accruing that year were not sufficient to discharge the current expenses and the interest payable that year, and a part of the surplus above mentioned became necessary for that purpose, and was applied to that object to a certain amount. But no more than dollars $416{,}885\frac{75}{100}$ of that surplus were employed in that manner, the remaining dollars $957{,}770\frac{65}{100}$ having been applied to the sinking fund, to purchases of the domestic debt. The deficiency of dollars $856{,}308\frac{26}{100}$ in the domestic fund which arose, in the year 1792, from that cause, was supplied by borrowing the same from the foreign fund. The surplus of revenue of 1790 which was applicable, either to pay the interest on the public debt or to purchases of the principal, was applied to this last purpose, and the foreign fund, which was solely applicable to redeem only the principal, was applied to pay the interest. Although the word "applied" is used, it must be observed that so far as the moneys arising from foreign loans and from the said surplus were at the same time in the Treasury, as they were not kept apart, but constituted an aggregate mass, any application of those moneys might have been carried to the account of either of the two funds, and that the illegality of the act did not there consist in expending the moneys wrongfully, but in carrying the expenditure to a wrong account. It appears, however, that some part of the application of the surplus of 1790 to the sinking fund was not merely a matter of account, but an actual expenditure; for 350,000 dollars had actually been vested in the sinking fund before any moneys arising from foreign loans had been received in the Treasury. Upon the whole, the transaction was illegal, but no otherwise criminal than as it was illegal. If there was any blame due for having begun the purchases of public debt before moneys had been drawn from Holland, and when, therefore, they must be paid out of moneys which, it was well known, were wanting for another purpose, on the other hand, the result of the purchases made at that period was useful by accelerating the raising of the price of stock to its nominal value.

From the end of the year 1792 to the end of the year 1795, although the gross amount of receipts has fallen short of the gross amount of expenses, yet as the deficiency has been supplied by anticipations, by domestic loans, which make part of the domestic fund, this fund has been enabled by degrees to repay the foreign fund; but even to the first of January, 1796, almost the whole of the moneys in hand, stated as balance of cash in the Treasury, has consisted of moneys belonging to this last-mentioned fund and arising from foreign loans.

Considering the funds in relation to the expenditures, they may at present be viewed as being three in number,—the sinking, the surplus, and the general fund.

The sinking fund till the month of March, 1795, consisted of, 1stly, the surplus of the revenue of 1790, of which dollars $957{,}770\frac{65}{100}$ have actually been received by the commissioners.

2dly. Part of the moneys arising from foreign loans, of which dollars $434{,}901\frac{89}{100}$ have actually been received by the commissioners.

3dly. The interest payable on the different species of stock purchased by the commissioners, which is still paid to them, and by them was, till March, 1795, applied to new purchases.

4thly. The interest upon any species of domestic debt which, through any means whatever, had been discharged by the United States.

The two principal items under this head are, 1st, the debt heretofore due to foreign officers, which has been partly discharged out of the moneys arising from foreign loans, and the balance of which is *considered* as being already paid, the moneys now in the Treasury which arise from foreign loans being appropriated for its payment; and, 2d, the certificates of domestic debt paid by the State of Pennsylvania for a tract of land (situate on the Lake Erie, including Presquisle, and commonly called "the Triangle") purchased by that State from the United States, under the late government. It does not appear from the official statements how a sum of dollars $34{,}753\frac{22}{100}$, which, in addition to these two last items, is also vested in the sinking fund, has been redeemed. It is, however, presumable that a part may have been paid by some individuals in discharge of old debts, and that a

part, being commutation for half-pay granted to the officers of the late army, has been returned by them in order to become entitled to a pension.

The general view of the receipts, purchases, and situation of that sinking fund to that epoch are exhibited in the statement No. XI. The interest payable yearly to the commissioners from all those sources amounted, before the 1st of January, 1796, to dollars $88{,}242\frac{79}{100}$, and after the year 1800 will amount to dollars $143{,}995\frac{99}{100}$.

By an Act passed the 3d of March, 1795, all payments of the principal of any part of the public debt are to be made by the sinking fund; there have been vested in the commissioners of the same, in addition to the interest already payable to them:

Firstly, the excess of the dividends accruing on the bank stock belonging to the United States, over the interest annually payable on any part remaining unpaid, of the loan of 2,000,000 dollars contracted for the purpose of paying the purchase-money of the said bank stock; secondly, so much of the duties on tonnage, imports, and spirits distilled within the United States as, together with the dividends aforesaid and the interest payable to the commissioners on the principal of the public debt already redeemed, or which shall be hereafter reimbursed, will be sufficient to reimburse yearly so much as may be rightfully reimbursed on the principal of that part of the domestic debt which bears an interest of six per cent., excluding that part which shall stand to the credit of the commissioners;[1] thirdly, all moneys received on account of debts due to the United States by reason of any matter prior to their present Constitution; fourthly, the net proceeds of the sales of lands belonging to the United States; fifthly, all surpluses of the revenues of the United States remaining at the end of any calendar year beyond the amount of appropriations charged on the same, and not otherwise appropriated during the session of Congress next thereafter.

The sums vested under the two first heads are of course ap-

---

[1] The balances due to certain States were also excepted by that Act, but the exception taken away by an Act of April, 1796.

propriated to the redemption of the six per cent. and deferred stocks, which thereby are converted from a perpetual six per cent. annuity into an eight per cent. annuity for twenty-three years or thereabout;[1] the other sums to the reimbursement of all the other debts of the Union; and the whole of the said moneys or funds is vested in the commissioners until the final redemption of the whole of the public debt, the three per cent. stock excepted, be completed.

The general fund, which embraces all the revenues, except such sums as are specifically appropriated to the sinking fund, is charged with all expenses other than those relating to the payment of the principal of any part of the public debt.

Whenever, at the end of two years after the expiration of the calendar year in which any specific appropriation shall have been made, it shall happen that the sum thus appropriated is larger than the sum actually expended for that object, the excess (except when the appropriation is for payment of interest or principal of the public debt) is, by virtue of an Act passed in March, 1795, to be carried to a new account, to be denominated "the surplus fund." Although the appropriations may exceed the expenses, and the differences or excesses may thus be carried to the account of that fund, it is evident that it will be merely nominal so long as the expenses shall exceed the receipts.

The general fund is in fact subdivided into as many distinct funds or accounts as there are specific appropriations. A detail of these, which presents a number of balances of unsatisfied appropriations, would be useless. It will be sufficient to remark that the appropriations relative to the payment of interest on public debt are permanent, and cannot, therefore, be altered without an Act of the Legislature, and that those which relate to the civil list and military establishment are made from year to year, and require, therefore, once a year the consent of every branch of the Legislature to be renewed. This is the defensive control retained by each branch, and which may, at all times, enable

[1] The exact term which the annuity is to last is not precisely ascertained; it being doubtful whether the payment and extinction of the principal can be calculated on the principle of a quarter-yearly payable annuity.

either to check, by that power over the purse, any dangerous encroachment or attempt to encroach of any of the others. There is nothing, however, in the Constitution which prevents Congress from making permanent appropriations in relation to the civil list; but, in order to guard against any possible danger from a standing army, it is expressly provided by that Constitution that no appropriation of money to that use shall be for a longer term than two years.

The appropriations heretofore made for the military establishment have been subdivided into a number of separate heads, making specific and distinct appropriations for the pay of the army, for its subsistence, for clothing, for the ordnance department, for the quartermaster department, for the Indian department, for the defensive protection of the frontiers, and for the several other heads of service; and it was supposed that the moneys thus distinctly appropriated were respectively applied to the specific objects for which they were appropriated. It, however, appears, by a letter of the Secretary of the Treasury of May, 1796, that by far the greatest part of the expenditures for the military department are found by experience to be unsusceptible of that particular distribution which is observed in the issues of moneys appropriated for other objects; and that appropriations for military purposes ought to be considered as general grants of such sums as the public service is found to require, to be issued according to exigencies and applied and accounted for pursuant to law.

It would seem that if those appropriations are considered by the Treasury Department as general, of which grants, to be issued according to exigencies, that or some other executive department is to judge, and if, therefore, the moneys specifically appropriated to one head of service are applied to another head, they are not applied and accounted for pursuant, but contrary, to law. Such a mode is undoubtedly liable to great abuses; it deceives the Legislature, who, when appropriating one hundred thousand dollars for the defensive protection of the frontiers, did not think that the Treasury would assume a power to apply them to the quartermaster or any other department. It deprives the Legislature from any control, not only over the distribution

of the moneys amongst the several heads of service, but even over the total sum to be expended. For the million and a half of dollars appropriated for the annual support of six thousand men, the nominal establishment, may be spent in the same time, and in fact has actually been expended within fourteen months for the 3500 men who constituted the effective establishment. The same abuse has, for a considerable time, prevailed in England, where it has, at several periods, been taken notice of, and did lately produce a motion of impeachment against the Ministers.

On the other hand, it is impossible for the Legislature to foresee, in all its details, the necessary application of moneys, and a reasonable discretion should be allowed to the proper executive department. The most proper way would perhaps be not to enter into so many details, not to make specific appropriations for every distinct head of service, but to divide the general appropriation under a few general heads only, allowing thereby a sufficient latitude to the executive officers of government, but confining them strictly, in the expenditure under each of those general heads, to the sum appropriated by law.

Another irregularity has once taken place upon an extraordinary occasion. Although the President of the United States was authorized to call out the militia in order to suppress insurrections, no moneys were appropriated for that service. When the western insurrection took place, until Congress had covered the expenditures of the expedition by an appropriation made only on the 31st of December, 1794, the expenses were defrayed out of the moneys appropriated for the military establishment. Yet even the principle by which the specific appropriations for the several objects of the military establishment have been considered as a general grant for the whole could not authorize the application of a part of that grant to the expenses of that expedition. No farther discretion has been claimed by virtue of that principle than that of indistinctly applying the whole sum appropriated by law to any of the objects enumerated and specified under distinct heads in the law itself. But, as the militia called out to suppress an insurrection make no part of the military establishment, the expenses attending such a call were not amongst the various objects enumerated in the law making

appropriations for the military establishment; the only item applicable to militia being expressly confined to the defensive protection of the frontiers. The moneys drawn from the Treasury on that occasion were paid out of a fund appropriated for other and distinct purposes; they were not drawn agreeable to the Constitution, in consequence of any appropriation made by law. It might be a defect in the law authorizing the expense not to have provided the means; but that defect should have been remedied by the only competent authority, by convening Congress. The necessity of the measure may in the mind of the Executive have superseded every other consideration. The popularity of the transaction may have thrown a veil over its illegality. But it should by no means be drawn hereafter as a precedent.

Of the Present Expenses of the United States.

The estimate No. XIV. exhibits the probable receipts and expenditures of the United States for the year 1796. The receipts arising from other sources than loans, and amounting to dollars 6,398,242$\frac{79}{100}$, differ from the estimate of the permanent revenues of the Union given in the preceding section, and there rated at 6,370,000 dollars, because, 1st, the internal duties are rated in the estimate of permanent revenues at 410,000 dollars, on account of a supposed increase, which, however, will be but partly felt during the present year; and they are therefore rated at only 350,000 dollars in the estimate No. XIV.; and, 2dly, to the receipts of the present year are added dollars 88,242$\frac{79}{100}$, being the interest now payable to the commissioners of the sinking fund upon that part of the domestic debt heretofore redeemed; this interest constitutes in reality no part of the revenues of the Union, being only a diminution of expenditure; but it must be added to the receipts, the interest payable on the domestic debt being, in the estimate of expenditures, calculated as if no part had yet been redeemed.

The expenditures are calculated upon the appropriations made by Congress during the last session, with the addition of a

balance remaining unexpended for fortifications from last year, and which will probably be expended during the course of 1796. They amount (exclusively of the five millions of dollars which fall due this year upon the domestic loans and the debt due in Holland, and which are provided for by a new loan to the same amount) to dollars 7,069,312$\frac{3}{100}$, leaving a deficiency of dollars 671,069$\frac{24}{100}$ to be supplied by new anticipations. It must be observed that in those expenditures is included the payment to be made in part of the principal of the six per cent. stock, and amounting to dollars 640,733$\frac{33}{100}$. Whence it results that the public debt will not probably increase much during the year 1796; the only material changes which will take place being to substitute a debt of five millions of dollars, irredeemable for a number of years, to a debt of the same amount, but consisting of anticipations and instalments now due, and to contract a new debt of about 700,000 dollars, whilst an old one (being part of the six per cent. stock) to nearly the same amount shall be paid off.

As the estimate No. XIV. contains several extraordinary expenses applicable to the year 1796, the following is added as being nearly the amount of the permanent expenses of the Union on their present scale:

1st.	Civil list . . . . . Dollars	460,000
2d.	Annuities, grants, and military pensions .	120,000
3d.	Military establishment, viz.:	
	Army, including fortifications . . .	1,150,000
	Naval armament; the annual expense of pay and subsistence of the officers and seamen of three frigates is estimated by the Secretary at War at 226,000 dollars, and including repairs, ammunition, extraordinaries, cannot be rated under .	300,000
4th.	Indian department, including annuities payable to several tribes, charges of trade, treaties and presents	100,000
5th.	Intercourse with foreign nations; the ordinary expenses for the year 1796 are dollars	

		Dolls.
60,000, and the permanent expenditure, including that relating to the Barbary powers, may be rated at		100,000
6th. Sundries, viz.: Mint establishment, 40,000 dollars; light-houses, 30,000; miscellaneous and contingent, 50,000		120,000
7th. Interest and charges on the public debt, viz.:		
Interest and charges on foreign debt . . .	543,441	
Ditto on funded and unfunded domestic debt, including the annual reimbursement of the six per cent. stock . .	3,082,696$\frac{9}{100}$	
Ditto on the new loan of five millions of dollars .	300,000	
Ditto on 1,600,000 dollars remaining unpaid on the loans due to the banks .	96,000	
Ditto on 700,000 dollars to be anticipated in 1796 and 1797 . . .	42,000	
Making for the whole amount of interest and charges on public debts . . .		4,051,006$\frac{25}{100}$
The whole permanent expense appears, therefore, to be . . . . . Dollars		6,401,006$\frac{25}{100}$
From which deducting the interest now payable to the sinking fund, viz.		88,242$\frac{79}{100}$
Leaves for the true amount of permanent expenses . . . . . Dollars		6,312,763$\frac{46}{100}$

The permanent revenue has in the preceding section been rated at 6,370,000 dollars (after paying the bounties to the fisheries), and exceeds the above estimate of permanent expenditure by a sum of about 60,000 dollars. But the expenses of the year 1797 will be greater than the estimate by a sum of 80,000 dollars, being a premium which falls due that year on

the Dutch debt; and from and after the year 1800 the expenses will be increased by the annuity of eight per cent., payable from that period upon the deferred stock.

That annuity (including in the amount of deferred stock the unfunded as well as the funded part of the debt), after deducting dollars $55{,}753\frac{20}{100}$, the interest payable on that part of the deferred stock heretofore redeemed and vested in the sinking fund, amounts to dollars $1{,}116{,}878\frac{73}{100}$. From whence it results that from and after the year 1800 there will be an additional annual expense of more than eleven hundred thousand dollars, which must be provided for by additional revenues. Nor must it be forgotten that the sum of 50,000 dollars, set down in the above estimate for contingencies, will not be sufficient to discharge any of those extraordinary expenses which unforeseen circumstances may occasion, and which in some shape or other have taken place every year under the present government. It is, however, to be hoped that a sum sufficient to provide for those contingencies may, by economy and reductions, be in future saved upon the naval and military establishments.

SECTION III.

OF THE DEBTS OF THE UNITED STATES.

Origin, Progress, and Present State of the Debt.

From the beginning of the Revolution, which gave birth to the United States, till the year 1781, they were united by no other tie than common danger, and the authority of Congress had no other foundation than common consent. Yet this body, supported only by common opinion, proclaimed the independence, levied armies, borrowed moneys, and carried on the war. The Articles of Confederation, adopted in 1781, did not give them any efficient power; for although they were authorized by that instrument to make requisitions of money from the

several States, yet they were not vested with any coercive power to raise money either from delinquent States or from individuals. How far the United States, had they even had a government clothed with sufficient authority, might have been able to carry on the war without contracting a debt is a matter of doubt. For not only they must recur to extraordinary resources in order to oppose the formidable enemy they had to encounter, but it is well known that the beginning of a revolution was a most unfavorable moment to raise any considerable taxes. The expenses of the war were defrayed by paper money, by advances made by the several States, and by loans contracted by Congress.

The paper money was issued by Congress for the purpose either of discharging contracts or of purchasing supplies. When issued for the last purpose, it is evident that it could not buy more than it was worth. But whenever it was issued in order to pay debts contracted before, and had depreciated in its value from the time when the contract was entered into, the difference was lost by the creditor and gained by the Union. In the case, however, of the pay of the army, the several States, on the recommendation of Congress, made up the difference to the officers and soldiers according to a certain scale of depreciation. This army depreciation, therefore, whether actually paid by the States, or whether, as was mostly the case, discharged only by creating a stock bearing interest, was amongst the advances made by the several States. The whole of the paper, for whatever purpose issued, was *finally* redeemed either by taxes or by loans. When redeemed by taxes, as those were exclusively raised by the several States, it became one of the advances made by them. But, however redeemed, the depreciation of the paper from the time of its issuing to its final redemption operated as a tax upon the people, and defrayed a part of the expenses of the war. For, even where it was redeemed by loans, Congress declared the Union to be indebted not for the nominal amount, but for the real value of the paper at the time it was lent to the public; which value was fixed also by a scale of depreciation and rather in favor of the creditor, as the paper was in no case valued at less than forty for one. A part of the

paper remained unredeemed at the close of the war, and has been funded, at the rate of one hundred for one, under the present government. It is hardly necessary to add that those arbitrary measures, which operated in so unequal and unjust a manner, can be justified only by the necessity of the case.

The advances made by the several States, exclusively of the army depreciation and of paper money, consisted chiefly of supplies in kind and of the pay of the militia respectively employed by them; the regular army being principally paid by the United States. Those advances were defrayed by the several States, either by taxes or by contracting debts. The sums advanced by each, and the proportion those sums respectively bore to the debts contracted by each, varied with their situation during the war, their resources, and their exertions. It was necessary, in order to apportion that burden, to calculate the advances made by each, and to adopt some uniform rule that should fix the proportion that each should have paid. The rule adopted by the Articles of Confederation, viz., a valuation of all the cultivated lands and houses, was difficult in practice and never carried into effect. The rule according to which the accounts have been finally adjusted is the census of the inhabitants of the United States made in 1791, which has operated in an unequal manner, since the increase of population of the different States has been very unequal since the termination of the war. What part of those advances should have been considered as a debt of the Union will be taken into consideration when the measures adopted on that subject by the present government are examined. The total amount of the advances actually made by the several States, as fixed by the final settlement of accounts, is not known, it having been thought prudent not to publish it; nor has the proportion of those advances, which at the close of the war consisted in debts, been ascertained.

The depreciation of the paper money and that part of the advances made by the several States, which did not consist of debts, were, in fact, the only taxes raised upon the people during the war. The other expenses were defrayed either by individuals who advanced their capital or their services—and this constituted the domestic debt of the United States and of the indi-

vidual States—or by loans obtained in Europe, which constituted the foreign debt of the United States.[1]

The domestic debt contracted by the United States consisted of the debt due to the army [for arrearages of pay and for five years' pay given to the officers in commutation of the half-pay for life which had been promised to them], of supplies of different species purchased on credit, of loans (chiefly in paper money) obtained in America, and of the remnant of paper money yet in circulation. The principal exceeded thirty millions of dollars; the arrearages of interest to the 1st of January, 1784, might be estimated at five millions and a half of dollars; the principal and interest at about thirty-five millions and a half of dollars.

The foreign debt, almost solely due to France, amounted to about six millions and a half of dollars. The whole of the debt, foreign and domestic, to about forty-two millions of dollars.

From the 1st of January, 1784, to the 1st of January, 1790, the principal of the domestic debt was reduced by sales of land, which amounted to about 1,100,000 dollars; but, in the mean while, the interest accrued was near ten millions of dollars, of which about six millions remained unpaid.

During the same period the greatest part of the interest on the foreign debt accumulated to an amount of about 1,700,000 dollars; and a new debt was contracted in Holland of 3,600,000 dollars. The whole debt, foreign and domestic, increased, therefore, during those six years by a sum exceeding ten millions of dollars.

It must, however, be observed that, for a part of the interest on the domestic debt stated as unpaid, a new species of certificates, called "Indents," had been issued by Congress, which, being accepted by the creditors, seems to have discharged the Union from any further claims on that head. For those indents became thereby a charge against the several States, and would have been absorbed in requisitions, had not the adoption of the present government, by putting an end to those requisitions, rendered it an act of justice to provide for the outstanding indents.

---

[1] Some of the individual States had also contracted a foreign debt.

On the increase of debt which took place during those six years it may be also remarked that the convention which framed the present Constitution, having published it in 1787, and its final adoption having become exceedingly probable in the beginning of 1788, the several States were from that time still more remiss in paying their requisitions, and that the first Congress under the new Constitution having met in March, 1789, it could not be expected that they should raise sufficient revenues during that year. The years 1788 and 1789 may, therefore, be considered as that period between the two governments during which nothing could be done towards the payment of the debt. Finally, although during that period the government of the Union was altogether inefficient, that of the several States was sufficiently strong to enable many of them to discharge considerable parts of their individual debts.

The preceding estimates of the debt are far from being correct, and are meant merely to give a general idea of its origin and progress till the 1st of January, 1790, viz., ten months after the present government was in operation. The following is a statement of the debts of the Union on that day:

The foreign debt consisted of three items, viz.: the debt due to France, the debt due to Spain, and the debt due to Holland.

The principal of the French debt, together with the arrears of interest to the 31st December, 1789, amounted, as appears by the statement No. XVI., to dollars 7,895,300$\frac{30}{100}$.

The principal of the Spanish debt amounted to dollars 174,011; the arrears of interest to the 31st December, 1789, to dollars 67,670$\frac{95}{100}$, making altogether dollars 241,681$\frac{95}{100}$.

The principal of the Dutch debt amounted to 3,600,000 dollars; but, exclusively of the yearly interest payable on the same, there were a number of premiums and gratifications, payable at different periods, on one of the loans. Those premiums, which amounted to 657,500 guilders, equal to 263,000 dollars, have sometimes been considered as an additional interest, sometimes as part of the principal. Viewing them as principal, their value, as they did not bear any interest, must be estimated upon the principle of an irregular short annuity. Calculating them according to the several periods at which they were respectively

payable, and at the rate of six per cent. compound interest, they were worth dollars 171,175$\frac{77}{100}$; and the whole amount of the Dutch debt was therefore dollars 3,771,175$\frac{77}{100}$.

Those three items, which constituted the foreign debt, formed an aggregate of dols. 11,908,158$\frac{2}{100}$.

The apparent amount of the principal of the domestic debt was dollars 29,158,764$\frac{29}{100}$, and that of the arrears of interest to the 1st of January, 1790, might be estimated at nearly dollars[1] 11,493,858$\frac{44}{100}$, making altogether 40,652,622$\frac{73}{100}$ dollars. But from that sum must be deducted, 1stly, the debt due to foreign officers, amounting, with arrears of interest, to dollars 209,426$\frac{81}{100}$, which will be stated hereafter; and, 2dly, a sum of dollars 186,393$\frac{47}{100}$, consisting of debts due to the United States and recovered after the year 1789, but arising from contracts made under the late government [as stated under the heads of "debt paid by Pennsylvania," and "sundry debts redeemed," in the view of the sinking fund, No. XI.]. This reduces the principal of the domestic debt to dollars 28,858,180$\frac{65}{100}$, and the arrears of interest to dollars 11,398,621$\frac{80}{100}$, making altogether dollars 40,256,802$\frac{45}{100}$.

The principal of the debt due to foreign officers amounted to dollars 186,988$\frac{23}{100}$, the arrears of interest to the 1st of January, 1790, to dollars 11,219$\frac{29}{100}$, making altogether dols. 198,317$\frac{94}{100}$.

There were besides several arrears and claims against the late government, which have since been discharged in specie at the Treasury. The whole amount of these paid before the 1st of January, 1796, as nearly as may be distinguished from the official statements, and including (upon those which might bear

---

[1] The arrears of interest to the 1st of January, 1791, amounted to dollars 13,173,858$\frac{44}{100}$. In order to know the amount of interest for the year 1790 (which is to be deducted), the amount of the principal bearing interest should be known. The whole principal was 29,158,764$\frac{29}{100}$, from which must be deducted the paper money which bore no interest. This, funded at 100 for 1, could not exceed dollars 800,000. Estimating, however, the principal bearing interest [exclusively of the debt due to foreign officers, the interest of 1790 for the same being deducted in the statement of that debt] at 28,000,000 dollars, the interest for one year, viz., 1790, is dollars 1,680,000, which, deducted from the dollars 13,173,858$\frac{44}{100}$, arrears of interest to the 1st of January, 1791, leaves dollars 11,493,858$\frac{44}{100}$, as above stated.

interest) interest to the respective dates of payment, is dollars $450{,}395\frac{52}{100}$.

All those different sums which constituted the whole of the debt (both foreign and domestic) of the United States on the 1st of January, 1790, make an aggregate of dollars $52{,}813{,}673\frac{93}{100}$.

No opposition was made in the first Congress, that met under the present government, to provide for payment of interest upon all those species of debt, except so far as related to the domestic debt. The length of time that had elapsed since the debt had been contracted without any efficient measure being taken either to discharge interest or principal, had sunk its market price to about one-eighth part of its nominal value. That depreciation, compared to that of the paper money, had impressed upon many a belief that it might be discharged in the same manner as the paper; that is to say, by not paying it. A great number of the original holders, of the soldiers who had performed the actual services, of the citizens who had actually furnished the supplies, had, many from necessity and some from want of confidence, sold the evidences of the debt at that low price. Sympathy for these, and the unpopularity that attached to the purchasers, created a strong difference of opinion as to the measures to be taken on that head. Two propositions, one of which, by directing a new settlement of accounts, aimed to annihilate the greatest part of the debt, and the other went on the ground of paying to the purchasers only the real value they had given, and to the original holders the difference between that and the nominal value of the debt, were both rejected by a large majority. It was finally agreed to refund all the arrears of interest, including the indents in circulation, at three per cent., and the principal (including the outstanding paper money at the rate of one hundred for one) at six per cent.; suspending, however, for ten years the payment of interest upon one-third of the principal, and, in exchange for that suspension, attaching to the debt a condition which was supposed to enhance its value; that is to say, limiting the power which the public had to pay the whole of the principal whenever they pleased to only eight per cent. in each year, including both principal and interest upon the original capital. Thus the principal of the domestic debt was divided

into two species, both bearing six per cent. interest, both convertible at the pleasure of Congress into an annuity of eight per cent. and of about 23 years, and irredeemable in any other way; but one (which has generally preserved the denomination of six per cent. stock, and which, consisting of two-thirds of the whole, amounted to dollars 19,242,157$\frac{42}{100}$) bearing interest from the 1st of January, 1791, and the other (known under the name of deferred stock, and amounting to dollars 9,616,023$\frac{23}{100}$) bearing interest only from after the year 1800. As the interest began to be paid only in the year 1791, that which accrued during the year 1790 created a farther increase of debt of 1,680,000 dollars, and swelled the amount of arrears, funded at the rate of three per cent., to dollars 13,078,621$\frac{80}{100}$.[1] The arrears upon the debt due to foreign officers were discharged in specie instead of being funded.

But although the measures which related to the domestic debt were adopted by a very large majority, and seem, so far as can be judged from the rapid appreciation of the debt even prior to its being funded, to have been supported in a great degree by public opinion; another proposition, made in relation to the debts due by the individual States, met with a much stronger opposition, and was even in the first instance rejected by the House of Representatives. It has already been stated that the advances made by the several States had varied according to their respective circumstances, and that their accounts had not been settled at the time of the adoption of the present government. Supposing those advances to be ascertained and those accounts to be adjusted, a difficulty would arise as to the mode of making a final and satisfactory settlement. For the adjustment of accounts would only show that some States had advanced more and some others less than their quota or proportion; that these, who might be called "debtor States," were indebted to the

[1] This calculation of the different species of stock is made as if the whole of the original domestic debt had received the modifications intended by law. But it was left optional to the creditor to accept those terms or not, paying, however, an interest of only 4 per cent. to non-subscribers. The statement marked (B) exhibits the amount both of the funded (or subscribed) and unfunded debt on the 1st of January, 1796.

other States in certain sums. But the difficulty was, how to oblige those debtor States to pay to the others; the power of making requisitions from the States having ceased with the Articles of Confederation, and Congress being bound by the present Constitution to raise no taxes except either in an uniform way or in proportion to the population of the respective States. The only mode that seemed practicable was for the Union to pay to the creditor States at least such balances as would be found due to them, or even so much more as should, as far as possible, equalize the accounts without increasing too much the debt; and that payment might be made either by funding those balances in favor of the States themselves, or by assuming a certain proportion of the debts owing to individuals by those creditor States. But it was unexpectedly proposed, without waiting for the adjustment of the accounts, without knowing which of the States had really advanced more than their proportion, without examining whether the debts they then owed arose from the greatness of their exertions during the war, or from their remissness in paying taxes; it was proposed that the Union should at once, indiscriminately, assume the payment of all the debts then due by the several States in their individual capacity. A measure so little expected, even by the creditors of those States, that the evidences of the debts of some of them had not appreciated in value since the establishment of the present government, although, as has been remarked, the expectation that the proper debt of the Union must be paid had raised the market price of the evidences of that debt to four times what it was when the Constitution was adopted.

This proposition was finally adopted, with the following modifications: First. Instead of funding the arrears of interest at 3 per cent. and the principal at 6 per cent., one-third of the whole of both the principal and arrears of interest to the 1st of January, 1792, was funded at three per cent.; two-thirds of the remaining two-thirds were funded at 6 per cent., bearing interest from the year 1792, and the other third of the said two-thirds was funded also at 6 per cent., bearing interest from after the year 1800. Secondly. The interest for the year 1791 was not paid, as it was on the domestic debt, but funded; and the interest on

three and six per cent. stocks paid only from the year 1792, that is to say, one year later than upon the domestic debt. Thirdly. The total amount of the debts of the individual States, and the proportion of the debts of each State to be thus funded, were limited to a certain sum fixed at random, each State trying to make the best possible bargain. The sums actually funded by virtue of that assumption amount to dollars 18,271,814$\frac{74}{100}$; which have produced dollars 8,120,836$\frac{23}{100}$ 6 per cent. stock, dollars 4,060,417$\frac{84}{100}$ deferred stock, and dollars 6,090,560$\frac{67}{100}$ 3 per cent. stock.

It was provided at the same time that the sums thus assumed for each State should respectively be charged to those States in their accounts, and that the balances which upon a final settlement should be found due to the creditor States should be funded in their favor. The accounts have accordingly been settled by three commissioners vested by law with full and conclusive powers to that effect. Those commissioners have declared the aggregate of the balances due to certain States, including interest to the 1st of January, 1790, to amount to dollars 3,517,584; and the aggregate of balances due by certain other States to amount also to the same sum. The balances thus due to certain States have been funded in their favor, and have produced 2,345,056 dollars in six per cent. stock, and 1,172,528 dollars in deferred stock. The interest which accrued on the six per cent. stock from the 1st of January, 1790, to the first of January, 1795, amounting to dollars 703,516$\frac{80}{100}$, was not paid, but funded at three per cent. The six per cent. and deferred stocks, created both by the assumption and by the funding of balances, were, like those produced by the domestic debt, declared to be convertible into an annuity of 8 per cent. and of 23 years and some months, and irredeemably in any other way.

Two reasons seem to have influenced the measure of assuming the State debts before a settlement of accounts had taken place: firstly, the impatience of those States who labored under a heavy weight of debt, and who seem to have been apprehensive either that they might not be found creditor to so large an amount as the sums assumed for them, or that if they did not

obtain immediate relief justice might afterwards be denied to them; secondly, an idea that government would be strengthened by rendering all the creditors of the individual States dependent upon the Union. And to these was added a suggestion that it was more easy for the general government than for the several States to discharge those debts.

The States, however, who had the largest debts to pay were found in the issue to be the greatest creditor States, and would therefore have experienced the same relief had they waited till a final settlement had taken place. Experience has also shown that the additional debt laid upon the Union by the assumption, so far from strengthening government, has created more discontent and more uneasiness than any other measure; and this not only on account of the additional taxes which have thereby been rendered necessary, but chiefly because a fear did thence arise that there were some influential characters whose wish was to increase and perpetuate the debt, and because, from a variety of circumstances, suspicions have been entertained that private interest and speculation were amongst the most powerful causes of the measure. Finally, although it may, upon a superficial view, have appeared a matter of indifference whether the money necessary to discharge that debt was raised from the people of the United States by the general government or by the individual States, yet the difficulty experienced by the government of the Union to increase their revenue by any internal duties, the rapid progress heretofore made by several States in redeeming their debts, and the present situation of those States whose debts (on account of their being found debtor States) would not have been assumed, clearly prove that a considerable part of the additional debt thus assumed by the Union would have probably, had no assumption taken place, been discharged by this time by the exertions of the individual States. What that additional debt amounts to will now be shown.

In order to form a correct idea of the effect of the measure, it is necessary to ascertain exactly, first, what is the present relative situation of the accounts of the States; and, secondly, how much debt it would have been necessary to assume or to fund after the settlement of accounts in order not perfectly to equalize

the accounts, but to bring them exactly to the same situation in which they now are.

First. By funding the aggregate of balances which have been found due to the creditor States, and at the same time by not recovering from the debtor States the balances due by them, it is true that the different States have been put on a more equal footing than they were before; but the accounts are not yet finally settled, and there are now new balances due from and to certain States. For, although by funding the balances the debt due to the creditor States may appear to have been paid, yet, as that debt was due to them not by the Union, but by the debtor States only, and as the debt is thus paid not by the debtor States, but by the Union, the creditor States and those States which owed little or nothing are made (as part of the Union) to pay themselves a part of the debt. Thus their aggregate of funded balances must be considered as a tax laid upon the Union, as a charge to be paid by the several States, and therefore to be credited to them respectively in the same manner as other advances made by them have been. Dividing that aggregate amongst the several States in proportion to their Federal numbers as ascertained by the census of 1791, the quota thus falling on each State being respectively carried to the credit of each and compared with the balance which was before due by or to each State, will ascertain the balance now due by or to each State. By that process, which is exhibited in the 3d, 4th, 5th, 6th, and 7th columns of the statement No. XV., it appears that the aggregate of balances respectively due to and from certain States now amounts to dollars $2{,}450{,}390\frac{90}{100}$; and it must be recollected that in order to come to that result the United States have assumed and funded a debt of dollars $22{,}492{,}888\frac{27}{100}$.

Secondly. A process nearly similar to the one just now mentioned will show what balances should have been found against or in favor of the several States if no assumption had taken place. The effect of the assumption on the accounts and on the final balances returned by the commissioners has been to debit each State respectively with the amount assumed for that State, and to credit each State with the proportion or quota of that State (the said proportion being determined by the federal num-

bers of the State) of the aggregate sum assumed by the Union. As both the federal numbers of and the sum assumed for each State are known, the amount of the debit and credit created by the assumption against and for each State is also ascertained, and nothing more is necessary in order to find what result should have taken place had there been no assumption than to take away from the accounts (or, which is the same thing, from the result of those accounts as expressed by the balances returned by the commissioners) the debit and credit thus ascertained. The 2d, 8th, 9th, and 10th columns of the statement No. XV. exhibit the details of that process, from whence it appears that the aggregate of the balances which would have been found due to or from the several States had no assumption taken place amounts to dollars $8{,}047{,}300\frac{41}{100}$. The next step is to find how much it would *then* have been necessary either to assume or to fund in order to reduce that aggregate of balances to the sum of dollars $2{,}450{,}390\frac{90}{100}$, which has been stated to be the true amount of balances *now* due to and from the several States. Another process, nearly similar to the preceding, and which is exhibited in the 11th, 12th, 13th, and 14th columns of the statement No. XV., showeth that in order to obtain that result it would have been necessary to assume State debts, or to fund balances in favor of the creditor States, as might have best suited their convenience, only to the amount of dollars $11{,}609{,}259\frac{69}{100}$, instead of the dollars $22{,}492{,}888\frac{27}{100}$ which have been assumed and funded. Thus, had the United States waited to assume State debts till the accounts had been finally settled, instead of assuming at random before a settlement had taken place, the very same result which now exists might have been effected, the accounts of the Union with the individual States might have been placed in the same relative situation in which they now stand by assuming eleven millions instead of twenty-two. The additional and unnecessary debt created by that fatal measure amounts, therefore, to dollars $10{,}883{,}628\frac{58}{100}$.[1]

---

[1] But $703{,}516\frac{80}{100}$ of this sum arise not from the assumption itself, but from having funded the interest accrued from 1790 to 1795 upon the balances.

It will further appear, from an inspection of the same statement No. XV., that those States which labored under the heaviest burden of debts would have in a great degree been relieved; for the amount which in that case should have been respectively assumed for the States of Massachusetts, Rhode Island, Connecticut, and South Carolina is dols. $3,843,573\frac{74}{100}$, $299,892\frac{47}{100}$, $1,528,042\frac{58}{100}$, and $4,603,853\frac{86}{100}$; on the other hand, the States of Pennsylvania and Maryland, for which about 1,300,000 dollars have been assumed, would have been placed in a better relative situation had that plan, by which nothing would have been assumed for them, taken place; and they were so far able and willing to pay their own debts that they gave more to their creditors than was offered to them by Congress. The same ability and willingness existed in New York, for which about 1,200,000 dollars were assumed, and which was, in the issue, found to be a debtor State to the amount of more than 1,700,000 dollars.

The debt having thus been funded, it became important, chiefly on account of the speculations of foreigners, to raise its price as soon as possible to its nominal value. This was accelerated by the establishment of the sinking fund and of the bank. The purchases made by the commissioners of the sinking fund, partly with moneys borrowed in Europe and partly with the domestic revenues, as stated in statement No. XI., have already been mentioned.

The nominal capital of the bank incorporated by Congress in 1791 consisted of ten millions of dollars, two millions of which were subscribed by the United States, but borrowed by them from the bank itself at an interest of six per cent. and payable in ten yearly instalments of two hundred thousand dollars each. Of the remaining eight millions subscribed by individuals, only one-fourth part was payable in cash, and the other three-fourths in six per cent. stock. Thus a demand was created for six millions of dollars in that species of stock, which, added to one million of dollars in different species purchased in the same year (1791) by the commissioners of the sinking fund, was sufficient to raise the price of the whole debt, consisting of six per cent. stock, to its nominal value. It operated farther, indeed, than

was desirable; for private speculators, excited by the rapidity of the appreciation, launched with so little caution in the business that, after an artificial rise had taken place through their means, the stock within less than two months sunk again from 25 per cent. advance to its nominal value.

The establishment of the bank was also beneficial in some other points of view. The accommodations which government receives from that institution in almost all its financial operations are not only useful when resorted to with moderation, but under our present system and in our situation may be deemed necessary. Nor can any person doubt that, like all other banks, this is of great commercial utility, by bringing into circulation moneys which otherwise would remain inactive, and especially by increasing the rapidity of the circulation. Banks, indeed, are perhaps still more useful for this purpose in America than in Europe. There the different nations may be considered as one great commercial people, who can easily relieve each other's temporary wants of money; whilst here the sudden drains of specie, to which we are as liable as any other commercial nation, to which we are perhaps, on account of our extensive trade to the East Indies, more exposed than most of them, cannot, by reason of our great distance, be replaced within any short period from the redundance in any quarter of Europe.

The assistance to be received from the bank may, however, be abused both by government and by individuals; and it has certainly been abused by government. Instead of raising sufficient revenues, or abstaining from expenses, they have, as has already been observed, recurred too freely to loans and anticipations; have, in some instances, paid too dear for them; and now, from the demand made by the bank of the whole of the debt due them by the public, they find themselves in the same situation with an individual who has too freely made use of discounts and from whom they are suddenly withdrawn. The fear of those abuses, an apprehension, which perhaps has in some degree and in some instances been justified, that the bank might become a political engine in the hands of government, and a conviction with many that Congress had not, by the Constitution, a power to incorporate any public bodies, created a

serious opposition to this measure, and has left many enemies to the institution.

Until the year 1795 no other provision was made for the redemption of the domestic debt (including therein the assumed debt) than that of the occasional purchases by the commissioners of the sinking fund. By an Act passed in that year the six per cent. and deferred stock have both been converted into short annuities of eight per cent., beginning from the year 1795 for the six per cent., and from the year 1801 for the deferred stock; and the faith of the Union is now pledged to pay those eight per cent., which will extinguish the six per cent. debt in the year 1818, and the deferred debt in the year 1824. The first payment of dollars $515{,}972\frac{72}{100}$ on the six per cent. stock was accordingly made on the 1st of January. This sum added to dollars $2{,}307{,}661\frac{71}{100}$ in different species of stock redeemed by purchases makes an aggregate of dollars $2{,}823{,}634\frac{45}{100}$ extinguished on the domestic and assumed debt, and left the amount of six per cent. stock, on the 1st of January, 1796, dollars $28{,}284{,}260\frac{29}{100}$, that of deferred stock dollars $13{,}960{,}984\frac{63}{100}$, and that of three per cent. stock dollars $19{,}360{,}838\frac{64}{100}$, making altogether dollars[1] $61{,}606{,}083\frac{56}{100}$.

Of the debt due to foreign officers, dollars $122{,}333\frac{42}{100}$ have been paid out of moneys borrowed in Europe, leaving the amount of that debt on the 1st of January, 1796, dollars $75{,}984\frac{52}{100}$.

The debt to France may be considered as extinguished. The greatest part, viz., dollars $5{,}870{,}400\frac{30}{100}$, have been paid with moneys borrowed in Holland; and that part of the debt which was not yet demandable has been commuted into two new species of domestic stock, bearing interest at $5\frac{1}{2}$ and $4\frac{1}{2}$ per cent., and redeemable at pleasure. The inconvenience experienced by the United States in being obliged to pay in Europe the interest and instalments of the principal of the whole of the foreign debt induced them, in 1795, to offer to the holders of that debt to exchange it for a species of stock redeemable at the pleasure of

---

[1] Including the balances funded in favor of certain States and the estimated amount of the unfunded debt.

government, and payable, both principal and interest, in America, but bearing respectively one-half per cent. interest more than the debt then due. France was the only foreign creditor who accepted that proposal. The amount of $5\frac{1}{2}$ per cent. stock thereby created is 1,848,900 dollars, and that of $4\frac{1}{2}$ per cent. stock 176,000 dollars. The statement No. XVI. exhibits the situation of that debt on the 1st of January, 1790, and the manner in which it has been extinguished.

The Spanish debt, amounting to dollars $241{,}681\frac{95}{100}$, one million two hundred thousand dollars of the principal of the debt contracted by the late government in Holland, 124,000 dollars of the premiums due on the same debt, and 600,000 dollars of the debt due to the bank for the subscription to the bank stock, have also been paid out of moneys borrowed in Holland. Those sums, together with the dollars $450{,}395\frac{52}{100}$ unfunded debts heretofore stated, have been discharged in specie, constitute the whole of the payments made by the present government before the 1st of January, 1796, in part of the principal of the public debt.

The balance of the principal of the old debt due to Holland amounts to 2,400,000 dollars; the premiums still due on the same to 139,000 dollars, which, calculated on the same principle of a short, irregular annuity above mentioned, are worth dollars $104{,}400\frac{19}{100}$. These two sums added to 9,400,000 dollars, which have been borrowed by the present government in Amsterdam and Antwerp, constitute the present foreign debt, amounting, on the 1st of January, 1796, to dollars $11{,}904{,}400\frac{19}{100}$.

That debt bears an interest that varies from 4 to 5 per cent., and is payable by instalments, as appears in detail by the statement No. XVII.

The debts contracted by the present government in America consisted on the 1st of January, 1796, of 3,800,000 dollars in anticipations, 1,400,000 dollars still due on the bank stock loan, and 1,000,000 dollars borrowed to defray the expenses attending the intercourse with foreign nations and principally applied to the purpose of effecting a treaty with Algiers. These sums, amounting altogether to 6,200,000 dollars, were all due to the Bank of the United States, excepting only 200,000 dollars due to the Bank of New York. Out of this sum, 4,600,000 dollars (to

wit, the 3,800,000 dollars anticipations, 400,000 dollars part of the bank stock loan and making the two instalments due thereon for the year 1795 and 1796, and 400,000 dollars part of the million of dollars loan obtained for foreign intercourse) were demandable during the year 1796, and the remaining 1,600,000 were payable after that year in five yearly instalments, the three first of 400,000 dollars, and the two last of 200,000 dollars each. The Bank of the United States having demanded the payment of the 4,400,000 which were due to them and payable in the year 1796, Congress were obliged, in order to provide for the payment of that debt, and also of the 200,000 dollars due to the Bank of New York, and of an instalment of 400,000 dollars on the Holland debt, which fell due during the year 1796, to open the five million dollars loan which has been mentioned in the preceding section. By the terms of that loan they offer to give, for the moneys borrowed, a stock bearing six per cent. interest and irredeemable for 24 years. Whether this loan will be filled, or whether it will be necessary for the commissioners of the sinking fund to sell a part of that stock under par or a part of the bank stock belonging to the United States, according to the powers vested in them for that purpose, is not ascertained.

The statement marked (B) exhibits two comparative views of the public debt on the first days of January, 1790 and 1796, respectively.

The first is grounded upon a supposition that the State debts assumed by the Union (including therein the balances funded in favor of the creditor States) were actually debts due by the United States. The nominal amount of the debt is stated, on the first of January, 1790 (after deducting the cash in hand on that day, and the old debts due to the Union, which have been since recovered), at dollars $72{,}613{,}254\frac{63}{100}$, and on the first of January, 1796 (after making a similar deduction for the cash in the Treasury or in the hands of the collectors and for the bank stock belonging to the United States), at dollars $78{,}697{,}410\frac{12}{100}$, and the increase of debt during those six years at dollars $6{,}084{,}155\frac{49}{100}$.

This increase of debt arises, 1stly, from the excess of expenditures over the revenues received; and, 2dly, from such

parts of the interest accrued on the debt since the 1st of January, 1790, as have been funded instead of being paid.

The excess of expenditures beyond the revenues received has been stated at dollars 3,228,961$\frac{19}{100}$, but is liable to the following deductions:

First. The excess of the nominal amount of the stock purchased by the commissioners of the sinking fund beyond the amount of moneys applied to purchases, which excess amounts to dollars 688,725$\frac{67}{100}$. (See statement No. XI.)

Secondly. The premiums paid on the old Dutch debt, which are not set down in the account of expenditures as a payment in part of the principal, but as one of the annual charges on the debt. It has already been stated that, calculating those premiums on the principle of a short annuity, they were worth on the first of January, 1790, dollars 171,175$\frac{77}{100}$, and on the first of January, 1796, dollars 104,400$\frac{19}{100}$. The difference between those two sums is dollars 66,775$\frac{58}{100}$, and must be considered as a reduction of the debt.

Thirdly. The moneys which, although not yet regularly passed in the accounts of the Treasury, had actually been collected from the people on the 1st of January, 1796, being then either informally paid in the Treasury or in the hands of the collectors, are also an actual payment by the people, and must be considered, when contrasted with the public debt, as a set-off, being either cash in hand or a real debt due to the public by the collectors. The amount of moneys in that situation on the 1st of January, 1796, may be estimated at about 600,000 dollars.

These three sums, amounting together to dollars 1,355,501$\frac{25}{100}$, which, deducted from the sum of dollars 3,228,961$\frac{19}{100}$, hereabove stated as the excess of the expenditures beyond the revenues received, leaves dollars 1,873,459$\frac{94}{100}$.

The interest which has accrued during those six years without being paid, and has been funded, consists of three items:

1st. The interest upon the proper domestic debt which remained unpaid during the year 1790, and, being funded at three per cent., created an increase of debt equal thereto, and which has been before estimated at 1,680,000 dollars.

2dly. The interest upon the assumed debt which remained

unpaid during the years 1790 and 1791, and, being also funded (one-third at three per cent., four-ninths at six per cent., and two-ninth parts also at six per cent., but in deferred stock), has created an increase of debt equal thereto. As the principal and interest of that debt were blended together when funded, it is only by estimation that the principal and interest accruing thereon can be valued. Supposing, which is thought not to be far from the truth, that five-sixths of the assumption consisted of principal, two years' interest on that principal (which, on that supposition, would amount to dollars 15,226,489$\frac{57}{100}$) would be equal to dollars 1,827,178$\frac{75}{100}$.

3dly. The interest which accrued for five years upon the balances funded in favor of the creditor States, viz., from the 1st of January, 1790, to the 1st of January, 1795, has also been funded at three per cent. instead of being paid, and has created another increase of debt amounting to dollars 703,516$\frac{80}{100}$.

These three items amount together to dollars 4,210,695$\frac{55}{100}$, which being added to the above-stated sum of dollars 1,873,-459$\frac{94}{100}$ (being the excess of expenditures over the revenues, after making the proper deduction) give for the whole increase of debt dollars 6,084,155$\frac{49}{100}$, the same sum which is stated in the first view of the statement (B).

This view of the subject being grounded on a supposition that the debts assumed for the different States and the balances funded in favor of certain States were proper debts of the Union, no account is taken of the balances due by the debtor States, which, if due on the 1st of January, 1796, were also due on the 1st day of January, 1790. If, however, those balances, together with interest from after the year 1789, ever happen to be recovered from the debtor States, then the interest paid by those States upon those balances will be an equal set-off against the increase of debt arising from the interest funded upon the balances of the creditor States, and above stated in the third item of increase of debt arising from interest unpaid.

For the same reason it would be improper to take into consideration the effect which would have resulted upon the settlement of the accounts of the States, had the interest which accrued upon the assumed debt during the year 1790 and 1791 been paid

instead of being funded. It is true that that interest (which has been stated as the 2d item of increase of debt arising from interest unpaid) was charged to the several States, being part of the assumption in the settlement of accounts, and therefore changed the result which otherwise would have taken place in the final balances if it had not been charged. But it would have been equally just to charge that interest to the several States in case it had been paid in specie by the Union instead of being funded. For, in fact, it should not have been charged to the several States; for the commissioners appointed to settle the accounts were directed by law to strike the balance due to each State on the 31st of December, 1789, by calculating the interest to that day upon the respective debits and credits of the accounts of the said States. The provision which at the same time directed that the whole of the debts respectively assumed for the several States, and therefore including interest thereon to the 31st of December, 1791, should be charged to the said States, was perfectedly contradictory to the general law, and has rendered the whole transaction irregular and the final settlement incorrect.

In order, however, to give every possible view of the subject, the effect produced upon the final balances found in favor of and against certain States, by having charged to the said States respectively the interest accrued on the assumed debts during the years 1790 and 1791, is exhibited in the last columns of the statement No. XV. From thence it appears that if that interest had not been charged, the aggregate of the balances due to the creditor States and which would have been funded would have amounted to dols. 3,904,351$\frac{33}{100}$ (still upon the same supposition that the interest for those two years amounted, as hereabove estimated, to dollars 1,827,178$\frac{75}{100}$), instead of 3,517,584 dollars, which have been returned by the commissioners; making, therefore, a difference of dollars 386,767$\frac{33}{100}$.

Upon that increase of debt it is proper to remark that, the present government having been organized only in 1789, it might have been found difficult, especially after the assumption of the State debts had been agreed upon, to provide at once a revenue sufficient to pay the interest upon the whole debt, which accounts for the non-payment and consequent funding of a part

of that which fell due during the years 1790 and 1791. Although it was practicable to pay a part of it with that surplus of the revenue of 1790 which was applied to purchases of the public debt, the propriety of having preferred this last application is not disputed. Yet when taking an account of the progress of the debt, as whatever part has been redeemed is a deduction from its present amount, and as no part of the principal would have been redeemed had the whole interest for 1790 and 1791 been paid, it is evident that, in order to have a correct idea of the whole, the increase of debt which arises from that non-payment must be taken into consideration.

If, instead of taking the nominal amount of the debts, their supposed real value is estimated, it will be found that, estimating the six per cent. and deferred[1] stocks at par, the three per cent. stock at sixty per cent. (or 12 shillings in the pound), and the bank stock belonging to the United States at 25 per cent. advance, the increase of debt upon this view of the subject is only dollars $4,591,869\frac{19}{100}$.

The second view of the subject, as exhibited in the statement (B), is grounded upon the principle already established, that the State debts were not due by the Union, and that it would have been sufficient, for the sake of equalizing the accounts between the different States, to assume an aggregate of only dollars $11,609,259\frac{69}{100}$; which last sum is therefore stated as the only part of the State debts and balances in favor of the creditor States actually due by the Union on the 1st day of January, 1790. The nominal amount of the whole debt on that day is upon that principle only dollars $64,260,294\frac{33}{100}$; and the nominal increase of debt during the six years amounts to dollars $14,437,115\frac{79}{100}$.

---

[1] Although the deferred stock is every day rising in value, although it is now worth much more than it was six years ago, and will not be equal in value to a six per cent. stock till the year 1801, yet, as nothing will be done toward its redemption before that time, and as it will then be worth par to the public, it is more correct to estimate it at that rate both in 1790 and 1796. If it was estimated at its present market price, the increase of debt would appear greater, because the amount due by the United States in that species of stock has been diminished.

Effects of the Public Debt, and Resources applicable to its Extinguishment.

Almost all the expenses of government, but especially that species which most usually engenders a public debt, viz., the expenses of war, are a destruction of the capital employed to defray them. The labor of the men employed in the public service, had it been applied in the pursuits of private industry, would not only have supported them, but probably afforded them some reward beyond mere sustenance, and therefore would have produced an excess beyond their consumption, an addition to the national wealth, an increase of the capital of the community. The whole of their labor, however useful and necessary it may be, being totally unproductive, not only the community is deprived of that increase of capital which otherwise would have taken place, but their consumption, together with all that waste which necessarily attends the most economically managed war, must be supplied out of the resources of the community at large, out of some capital which is annihilated by being applied to that purpose. This evil, an evil of the first magnitude, is the consequence of the expenditure itself, and not of the means by which that expenditure is discharged. The capital, whether it has been raised by taxes or by loans, is destroyed on account of its being applied to an unproductive purpose; and that destruction of capital is to be charged to the object of expense, to the war, and not to the public debt which is commonly contracted for supplying the expense, for procuring the capital thus devoted to destruction. In that point of view, the only evil which arises from a habit of recurring to loans is that, by facilitating the means of raising capital, it tends to enlarge the scale of expenses, it encourages unnecessary ones; it thus indirectly promotes a greater destruction of capital than would otherwise have taken place.

If it was possible, however, to defray the expenses of a war by applying thereto a capital which would at all events have been consumed, it is evident that such a mode would in a great degree repair the evils occasioned by the war. This effect is produced to a certain extent by taxes, which always fall in part upon such parts of the revenue of the nation as would have been

consumed in as unproductive a way as the expenses of the war itself. But loans uniformly are supplied not by a revenue which would have been expended, but by a capital which was before that time employed to some useful and productive purposes. To support a war, to defray any kind of public expense by taxes, is to do it by the resources of economy, by retrenching the consumption of individuals, the consumption of the nation. To defray it by loans is the mode of the spendthrift; it is irretrievably to destroy the principal rather than to diminish our immediate consumption and enjoyments. But this evil is the consequence of contracting and not of funding a debt.

When the first measures of the present government in relation to the public debt were adopted, seven years had elapsed since the conclusion of the war. It was that war which had consumed the capital of the nation; it was during, or at least in consequence of, that war that the debt had been contracted. The most sensible evils which usually accompany a public debt had preceded by many years the provisions made for the American debt; they were already in a great measure cured by the exertions of private industry. The funding of the debt was therefore attended with no immediate evil, except that arising from the taxes necessary to pay the interest. But was that measure productive of any positive good?

It has been said that it had created a large productive capital which did not exist before. How this could have been effected does not appear. The owners of the debt have in their possession certificates, bonds given by the community, but if they are richer than they were before they had obtained that security for a regular payment of interest, the community who gave the bonds are certainly the poorer. If those certificates of debt are a capital more to the holders, they are a capital less to the debtors; and the nation is exactly, in that point of view, in the same situation in which they were before; with this difference, however, that the taxes necessary to pay the interest tend in part to prevent an accumulation of capital, fall perhaps in some degree upon the necessaries of the industrious part of the community, to a certain extent oppress and impoverish the nation, are paid but in part out of a revenue which would at all events have been consumed,

whilst their whole amount is consumed by the holders of the debt. There is no more capital created by those certificates, by those bonds, than would be created if a number of individuals were, in consequence of any contract, to be indebted to other members of the community and to give them their bonds to an amount equal to that of the public debt. If a holder of the public debt sells his certificates to another member of the community, he acquires indeed a capital, but he does not create it. The purchaser must pay it with a capital previously existing in the country. A public debt does not increase the existing amount of cultivated lands, of houses, of consumable commodities; it makes not the smallest addition either to the wealth or to the annual labor of a nation. It does not appear that it can in any way be an additional national capital, unless it be supposed to operate, like money, as the means of facilitating exchanges; unless it be supposed to supply the place of a circulating medium.

Supposing that to be the case, it would not be to a larger amount than the demand of the country for that medium; and as the amount of the debt is much greater than the quantity of circulating specie required, it follows that only a part of it could be employed to that purpose, and that whenever a greater part was put in circulation than was required by the actual demand, its price would sink, and it could no longer answer the very purpose to which it was designed. In fact, the paper money of the banks and the increase of circulation they produce are in general fully sufficient for the demands of the country. Whenever, from some sudden drains of specie, or from that most common evil in America, "over-trading," a greater demand for specie takes place, one of the first effects is to sink the price of the public debt. So far from adding to the capital of a nation, it would seem that a nation must have a large capital in order to support the price of a public debt, in order to give to that price that *fixture* which is an essential requisite to render it a proper substitute for a circulating medium. It is well known that that part of the capital of the Bank of the United States which consists of public stock does not answer to that institution the purpose of a capital in specie, of a circulating medium;

that it does not enable them to increase their discounts. Although the evidences of the debt may occasionally and when at a fixed price answer the purposes of money, yet generally, and whenever variations take place in that price, it becomes an article of barter, an object of speculation, calls for, instead of giving, additional supplies of money, and is well known upon many occasions to have caused some of the greatest distresses which the mercantile world has experienced.

But although the funding of the American debt neither could nor did create any additional capital, yet it became the means of drawing to America a foreign capital to a large amount. It may be seen by the statement (B) that the foreign debt properly so called, that is to say, the debt immediately consisting of moneys borrowed abroad, and upon which the interest must be paid in Europe, amounts at this time to about the same sum which it did when the present government was established. But very large sums in the present domestic debt of the United States are owned by foreigners residing in Europe. The two millions of dollars, five and half and four and half per cent. stocks, created in order to extinguish the debt due to France, are principally held by foreigners. A large amount of the original domestic debt was purchased by citizens of Holland before it had raised to its nominal value; and from that time it has been usual for merchants to make remittances to Europe in public stock. The government of the United States alone have remitted during the year 1795 near one million and a half of dollars in six per cent. stock. Thus America has received from foreigners a capital of several millions of dollars, which has appeared in the light of a great acquisition of wealth, which has had some dazzling temporary effect, but which has been an acquisition of wealth to the speculators in stock alone, and not to the nation. For the nation owes to foreigners those millions; the nation must yearly pay to Europe the interest of those millions, and it cannot get rid of the payment of that interest and of the taxes necessary to pay it until it shall have returned to Europe not only the capital received by America, but a capital equal to the nominal amount of the public stock purchased by Europe.

If it be insisted that the sales of stock to Europeans, being nothing more than a certain mode of borrowing money in Europe, are advantageous to America, since we have so much demand for capital and can employ it in so profitable a way, still two circumstances must concur in rendering borrowing useful,—a low rate of interest and a proper application of the capital borrowed. The rate of interest, as it depends upon the price obtained for the stock, is uncertain. Yet it must be recollected that the purchases by foreigners began at a very early period, and that during the six years that have elapsed since the funding system was proposed, the six per cent. stock has not been at par or above par more than eighteen months, viz., from the latter end of July, 1791, to the beginning of January, 1793. The probability is that we pay from 7 to 8 per cent. on the capital which we have thus borrowed. Had, however, the whole of that capital been applied to productive purposes, it would have enabled the nation to pay the interest, high as it was, and perhaps to make some profit. But it cannot be denied that a small proportion, indeed, has been so applied as to increase the cultivation and improvement of lands, the erection of manufactures, the annual income of the nation. Acquired suddenly by individuals, that capital has been applied in the same manner as every other sudden acquisition of wealth; it has enabled those individuals to consume, to spend more, and they have consumed and spent extravagantly. Taking in the great number of elegant houses which have been built within a few years in all the large cities, and which, however convenient to the inhabitants, afford no additional revenue to the nation, it may be asserted that the greater part of the capital thus drawn from Europe for purchases of stock has been actually consumed, without leaving in its stead any other productive capital, and that as the nation still owes the whole, it has been impoverished even by the only consequence of the funding system that has made any temporary addition to the apparent wealth of the country. That wealth is, in a great degree, consumed and destroyed, and the whole debt remains to be paid. Still it is not astonishing that those who have been thus enabled to consume that capital should not have attended much to the manner

in which it was to be replaced and repaid by the nation, and should have finally persuaded themselves and many others that the funding of the debt was a real and permanent increase of the national capital, a national acquisition of wealth.

Let it not be supposed that any of those reflections are intended to convey a censure on that part of the funding system which provided for the payment of the interest of the proper debt of the United States. They are designed merely to show that the propriety of that measure must have depended solely on its justice. Whether the debt had been funded on the plan of discrimination in favor of the original holders of those who had performed the services, or, as has been the case, in favor of the purchasers of certificates, the general effects would have been nearly the same; and unless the American government had chosen to forfeit every claim to common honesty, it must necessarily provide for discharging the principal or paying the interest to one or the other of two descriptions of persons.

Whatever difference of opinion may heretofore have existed on that subject, on the propriety of paying those who had purchased the debt so much under its value, it now exists no more, it has ceased with the cause; for all the present owners have, or may be supposed to have, purchased the debt at the market price, which, since it has been funded, has been obtained for it. The solemn obligations, superadded by the present government to those contracted before, never can be set aside without the most flagrant and pernicious breach of public faith and of national morality.

If the public debt is not an additional national capital, no other disadvantage can result from its extinction except the increase of taxes necessary for that purpose, and the annual loss which will be suffered by replacing to Europe the capital borrowed there, either under the denomination of foreign debt or by the sales of domestic debt. So far as the taxes necessary for that purpose will check consumption, the capital to be thus repaid abroad will be supplied by economy, and its payment will in no shape whatever impoverish the country. So far as those taxes will fall, not on that portion of the annual revenue which would have been consumed, but on that part which would have

been saved and have become an addition to the permanent wealth of the nation, so far the progress of the country will, in a certain degree, be checked by the withdrawing and paying the capital due to Europe. To do this too suddenly would certainly be injurious to the community. But any evil that may arise from a gradual extinction of the debt, from a gradual repayment of the capital borrowed in Europe, will be more than counterbalanced by the natural progress of America, will free us from the payment of interest upon that capital, and will, at the same time, strengthen the bonds of our Union and give additional vigor and respectability to the nation.

It may have been supposed by some that the debt, by rendering the creditors dependent on government, gave it an additional stability. But it should be recollected that although an artificial interest is thereby created, which may at times give an useful support, it may at some future period lend its assistance to bad measures and to a bad administration. So far as that interest is artificial, so far as it is distinct from the general interest, it may perhaps act against that general interest and become as pernicious as it is supposed to have been useful. At all events, who can doubt that the jealousies, the apprehensions, the discontents excited by the public debt have been more injurious to our domestic peace, have gone farther to weaken our real union, than any other internal cause? It is a lamentable truth that the Americans, although bound together by a stronger government, are less united in sentiment than they were eight years ago. Every source of discontent, every permanent cause of taxation which can be removed, adds to the strength of the Union and to the stability of its government.

But, in regard to our strength and consequent respectability and independence in relation to other nations, as speedy an extinction of the debt as circumstances will admit becomes indispensable. As there is not the smallest probability that we ever shall be involved in any war except in self-defence, and as the exhausted situation of all the European nations seems to warrant, at the conclusion of the present war, a continuance of peace for at least ten or twelve years, we should by all means improve that period to discharge the heaviest part of our debt. It re-

quires no argument to prove, it is a self-evident truth, that, in a political point of view at least, every nation is enfeebled by a public debt. Spain, once the first power of Europe,—Spain, with her extensive and rich possessions, Holland, notwithstanding her immense commerce, still feel the effects of the debts they began to contract two centuries ago, and their present political weakness stands as a monument of the unavoidable consequences of that fatal system. Yet what are those instances when compared with that of France, where the public debt, although once discharged by the assistance of a national bankruptcy, has at last overwhelmed government itself! The debt of Great Britain, which began at a later period than that of any of those three nations, has not yet produced such visible effects. The unexampled prosperity of that country has heretofore been sufficient to support its strength and to increase its wealth, notwithstanding the weight of that burden. Yet the revenue now necessary to discharge the interest annually payable on that debt and to support the peace establishment of that nation, that is to say, the annual revenue now raised by taxes in Great Britain, would, if unencumbered, discharge the yearly expenses even of the war in which she is now engaged.

The sum necessary to pay the annuity and interest on the debt of the United States constitutes more than two-thirds of their yearly expenditure; and it is presumable that we would not be much exposed to the wanton attacks, depredations, or insults of any nation was it not known that our revenue and resources are palsied by an annual defalcation of five millions of dollars. It does not seem that any possible object of expense, without even excepting the creation of a navy, can be so eminently useful in adding to our external security and respectability as that which, by paying the principal of our debt, will give us the command of an unimpaired revenue, and enable us to dispose, if necessary, of all our resources.

A circumstance which seems to render this still more requisite in America, is the difficulty for the United States of raising moneys by loans, except in time of profound peace. It is well known that the great demand for capital in America, the usual high market rate for interest, the peculiar circumstances of the

country, render it nearly impossible to borrow any large sums at home; and experience has lately proved that the circumstance of an European war, even though we ourselves were not engaged, was sufficient to prevent us from any farther loan in Europe. Hence it results that as we cannot in case of any emergency put much reliance on that resource, we should during our state of peace and prosperity hasten to disencumber our domestic resources. We have, indeed, severely felt the obligation of repaying during the present European war the anticipation at home and the instalments of the foreign debt abroad. We have thereby been compelled to borrow on the most disadvantageous terms, to contract the obligation of paying an interest of at least six per cent. for 24 years, and to remit to Europe stock purchased at par, and which will probably sell there under its nominal value. These considerations, supported, it is believed, by the general opinion of the people of America, forcibly point out the necessity of an immediate recourse to our domestic resources, of an immediate increase of revenue.

It has already been shown that our present receipts are hardly adequate to our present expenditure; in fact, that we have heretofore made only a nominal provision for paying the principal of any part of our debt. For although (supposing the present receipts to be equal to the present rate of expenditure) it may be said that we have provided for the yearly payment of 2 per cent. on the principal of our six per cent. debt bearing a present interest, yet we have not made any provision whatever for the payment of the annuity payable after the year 1800 on the deferred stock. Indeed, the interest (exclusively of the additional 2 per cent.) payable on this stock exceeds the yearly payment of 2 per cent. upon the six per cent. stock; and the fact is that our present revenue is not even sufficient to pay after the year 1800 the interest on our debt. Our faith is now pledged to pay from after that year an annuity of 8 per cent. upon both stocks; and whatever difference of opinion may exist upon the extinguishment of other parts of the debt, it is necessary to increase our revenue from after that year by a sum sufficient to discharge that annuity, which has already been stated at about 1,100,000 dollars.

This increase will enable the United States to extinguish the whole of the six per cent. stock by the year 1818, and the whole of the deferred stock by the year 1824. No farther provision seems necessary on that part of the debt, which amounts to about forty-two millions of dollars, except the very important one to find the additional revenue of 1,100,000 dollars.

The parts of the debt which will remain unprovided for are:

1st. The foreign debt, which on the 1st of January, 1796, consisted of about twelve millions of dollars, but which, by the payment of the instalment that falls due during the year 1796, and has been provided for by the five million loan, will be reduced to about 11,600,000 dollars.

2dly. The five and a half per cent. and four and a half per cent. stocks, amounting to about 2,000,000 dollars.

3dly. The instalments due after the year 1796 to the bank, and not provided for by the five million loan, amounting to 1,600,000 dollars.

4thly. The anticipations necessary during the years 1796 and 1797 (exclusively of the loans that may be requisite to pay any part of the principal of the debt), estimated at 800,000 dollars.

5thly. The new five million loan, which, being irredeemable for twenty-three years, cannot be extinguished except by purchases.

6thly. The three per cent. stock, amounting to about 19,-300,000 dollars, which, on account of its low rate of interest, is not susceptible of any extinguishment, except by purchases or by a new modification of the debt.

Those different sums somewhat exceed forty millions of dollars; but the four first items, which seem alone to be the object of redemption by an application of revenue, amount altogether to sixteen millions of dollars. They are all, the five and half per cent. and four and half per cent. stocks excepted, payable by instalments due before the year 1810; and although the amount of the yearly payable instalments is not equal every year, yet as some of the Dutch loans may, according to the terms of the contract, be discharged by government as much earlier as they please, the total sum to be paid each year may be so equalized and modified

as to render the discharge of the whole practicable before the year 1810, with an uniform revenue. It is proposed to make provision for that payment during that period by an additional revenue, and as it is not possible that any new revenue, even if raised by Congress at their next session, can be productive before the year 1798, the term proposed for the redemption of those sixteen millions will be twelve years from the first of January, 1798, to the first of January, 1810.

The interest payable on those sixteen millions may, when calculating the revenue necessary to discharge the principal, be estimated at an average of about five per cent. A debt of sixteen millions, bearing an interest of five per cent., will be discharged in twelve years by a revenue somewhat exceeding one million of dollars. But as the eleven hundred thousand dollars necessary to pay the annuity on the deferred stock will not be wanted till the year 1801 for that purpose, and, if raised from the year 1798, may in the mean while be applied to discharge three millions and a half of the debt of sixteen millions; this, being thus reduced to twelve millions and a half, will be discharged in twelve years by a revenue of about 800,000 dollars. This sum added to the 1,100,000 dollars, which are at all events necessary to pay the annuity on the deferred stock, form an aggregate of 1,900,000 dollars, the revenue necessary to be raised for twelve years.

Through the means of that revenue not only sixteen millions of the debt shall have been redeemed, but an annuity equal to about 780,000 dollars, the interest payable thereon, will be liberated and form an actual addition to our present revenue. If during the same period the resources to be derived from the lands of the United States, which will next be taken under consideration, are applied to the three per cent. stock so as to liberate an annuity of 320,000 dollars, these two sums will be sufficient to pay the annuity on the deferred stock, and the whole of the additional revenue of 1,900,000 dollars may cease after the year 1809. On the other hand, if only the 1,100,000 dollars are raised from the year 1801, that additional revenue must continue till the year 1824. The difference between raising what must at all events be raised, to wit, 1,100,000 dollars, only from

after the year 1800, putting off the increase of taxes and revenue to the last moment, and raising 1,900,000 dollars from the year 1798, consists in the difference between taxes of 1,100,000 dollars for twenty-four years and taxes of 1,900,000 dollars for twelve years; or (as 1,100,000 dollars must by both plans be raised for twelve years) it consists in the difference between immediate taxes of 800,000 dollars for twelve years and taxes of 1,100,000 dollars also for twelve years, but beginning twelve years hence. Supposing the country to be so fast progressing in prosperity that 1,100,000 dollars of taxes will not be more heavy twelve years hence than 800,000 dollars now are, still the sole advantage which arises from a postponement is present enjoyment, and putting off a burden which must necessarily come at that time. The loss is manifest; for although the same burden must then be borne, the debt remains unpaid. Should we not raise that revenue at present, to a momentary relief we shall have sacrificed sixteen millions of dollars, we shall have lost the present time, we shall have lost an almost certain period of peace and prosperity; and although we cannot command future events, we shall have to encounter them at that time as unprovided and as enfeebled as we now are.

Independent of any additional revenue to be raised by taxes, the lands of the United States will afford another resource. Those now at the disposal of Congress do not amount to ten millions of acres; but the quantity might be enlarged without any difficulty was there any real demand for more. Lands are so much more valuable to us than to the Indians, that whenever they are actually wanted we may afford to pay for them a much higher price than they ever do ask. The actual demand, which must regulate the price that may be obtained by Congress for the lands belonging to the public, is determined itself by the increase of population and by the direction of emigrations. Lands of good quality and in actual demand for settlers will fetch about four dollars per acre, payable in about five years by instalments. If sold upon shorter terms of credit, or in large tracts, the persons who settle the lands and can afford to give the highest price are generally excluded from the competition, and the lands will only bring such a price as will leave to the pur-

chaser (who is to sell again to settlers) the usual profit upon capital employed in similar speculations. Should the lands be sold before there is an actual demand by settlers, they will bring a price proportionably less as the prospect of settlement may be farther distant. Congress have directed their lands to be sold partly in small and partly in large tracts; one half of the purchase-money to be paid at the time of sale, and the other half within one year after; no lands to be sold under two dollars per acre. The credit is so short that the class of people who usually begin settlements will be nearly altogether excluded. The provision which fixes the price at two dollars at least will exclude, to a certain degree, the speculators. And the sales will probably fall short of the actual yearly demand for settlers and be confined to the very best tracts.

About ten thousand families migrate every year to the westward of the Alleghany Mountains. Although all of them cannot purchase lands, all of them increase the demand for land, as they enable those who can purchase to cultivate more and therefore to purchase more. Of those ten thousand families, three-fourths at least will be fixed in the States of Tennessee, Kentucky, Virginia, and Pennsylvania, and in those parts of the North-West Territory already ceded by the United States and by Virginia. The yearly migration to the lands of the United States will be probably about 2600 families; the yearly actual demand for lands may vary from 500,000 to one million of acres. Although various circumstances render it impossible to form any tolerably correct conjecture on the amount of sales, it is not probable that, on the plan which has been adopted, they will upon an average exceed 250,000 acres, yielding a revenue of 500,000 dollars. The first year, on account of the great demand for the valuable low lands on the Ohio and other rivers, will perhaps be more productive than the succeeding ones.

The lands may be applied in two ways to the payment of the debt, either indirectly or immediately: indirectly, by selling the lands for the best price that can be obtained, and applying the moneys to the redemption of the debt; immediately, by inducing the holders of some species of debt to exchange it for

lands, by making the price of lands payable in certificates of debt of that species. By the first mode it is probable that a higher price will be obtained for the lands, as they will only be sold from time to time as they rise in value, and as some advantages must be given to the holders of the debt to induce them to make the exchange. But, on the other hand, the second mode will secure a proper application of the proceeds of the land; the land itself will pay the debt without coming into the Treasury in the shape of money, which, upon the first emergency, might be applied to some other purposes. Another peculiar advantage would arise if the land was immediately applied to the extinguishment of the debt bearing an interest of three per cent. Was a redemption of this debt to be attempted by purchases, it would necessarily raise its price beyond its usual market price and beyond what it is supposed to be really worth. It would, therefore, require so much larger a sum for its redemption. Supposing that stock to be worth sixty per cent. upon its nominal value when six per cent. stock is at par, the 19,300,000 dollars now existing are worth only something more than eleven millions and a half of dollars. But although the lands should bring that money, it would undoubtedly require a greater sum to purchase the whole of the stock. A variety of plans might be formed for a commutation of that stock into lands. The following sketch is offered merely to show in what manner the operation might be effected.

Let the lands, after they shall have been surveyed, be divided into ten large lots of 960,000 acres each, as equal in quality and value as the nature of the case will admit; and each of the said large lots be subdivided into townships, and these into tracts of 640 acres. Let then a subscription be opened for the sale of the large lots successively, beginning with the most valuable; each purchaser to subscribe for at least a tract of 640 acres; the price of the subscription to be two dollars per acre, with interest at the rate of three per cent. a year from the time of the sale, payable in any species of stock of the United States at its nominal value; with liberty to the purchaser to discharge the debt in specie at the rate of one dollar and a half per acre; one-tenth part of the purchase-money to be paid at the time of the sub-

scription, and the remainder part in nine yearly instalments, or sooner, at the option of the purchaser: possession of the land to be given immediately, but the land to remain mortgaged in security for the purchase-money. As soon as the subscription to one of the large lots is filled, let the subscribers draw lot for their respective shares, under such modifications as will secure to subscribers for one township, or quarter of a township, the whole in one tract.

The most weighty objection against this plan is, perhaps, the lottery and speculation to which it will give rise; yet it will be found difficult to devise any plan for the sale of lands and for the redemption of the public debt which will not, in some degree, be liable to the same objection. The number of acres, price, interest, time of payment, &c., in the above have been inserted merely for the sake of conveying clearer ideas; but they should be considered as blanks that can be filled only upon an investigation of all the details of the subject.

The advantages for the public, supposing the whole of the subscription to be filled, would be the certainty of the redemption of the whole debt bearing an interest of three per cent. and an immediate liberation of the annuity of 580,000 dollars necessary to pay the interest thereon, since the interest payable for the land would always be equal to the interest payable on the three per cent. stock in circulation.[1] This sum might, therefore, be applied in part of the additional revenue of 800,000 dollars wanted to extinguish the debt of sixteen millions; I say of the 800,000 dollars, for it could not be applied in part of the 1,100,000 dollars necessary to pay the annuity on the deferred stock, the faith of the Union being pledged to discharge that annuity out of the revenues of the Union, and to apply, *in addition to it*, the proceeds of the public lands towards the extinguishment of the public debt. Thus, if that subscription was to be filled, the lands would in twelve years extinguish both the debt bearing three per cent. interest and a great part of the

[1] Ten lots of 960,000 acres each are 9,600,000 acres; which, if all sold at two dollars per acre, would bring dollars 19,200,000. The amount of three per cent. stock is about 19,300,000.

above-mentioned sixteen millions of dollars; it being necessary to add (for that purpose and exclusively of the 1,100,000 dollars requisite to pay the annuity on the deferred stock) only a yearly revenue of 220,000 dollars for those twelve years. Those advantages would more than counterbalance to the public the advantages offered to the subscribers by the low rate of the lands.

The advantages to subscribers would be obvious. The average price of lands equal in situation and quality, but either settled or capable of being immediately settled, is now four dollars per acre. In all probability ten years, and at farthest fifteen, will settle the whole of the ten millions of acres offered for sale, or at least will raise the whole of it to what may be called the settlement price, an average of four dollars per acre. A part might now be sold above that price; a great proportion of the lands will attain it within a shorter period than ten years; the most remote situation will be worth it at the expiration of that time. And this must take place, according to the natural course of events, by the natural increase of population, without giving any farther trouble of management to the purchasers than that of selling the lands again to actual settlers. Those amongst the purchasers who will become settlers will affix that price to the land as soon as they improve it; and at the price they give will be enabled to pay three-fourths of the purchase-money out of the proceeds of the land itself. The land may therefore be considered as being, upon an average, worth four dollars per acre within eight years after the time of purchase; which, discounted at the rate of six per cent. compound interest, is equal to about two dollars and a half at the time of purchase. For this the subscribers will give, at most, one dollar and a half, bearing, in fact, only four per cent. interest, payable in nine years, and not worth much more than one dollar and a quarter at the time of purchase.

Although the success of a plan something similar to this may not be complete, yet so far as it will succeed, so far the extinguishment of the debt bearing an interest of three per cent. will be promoted, and so far the amount of the additional revenue necessary for the payment of the annuity on the deferred stock,

and for the extinguishment of the above-mentioned debt of sixteen millions of dollars, may be diminished. The sources from which that additional revenue, whatever its amount may be, can be derived remain to be examined; still recollecting that at least 1,100,000 dollars must necessarily be raised, and that the ability of the United States to raise the highest required sum, viz., 1,900,000 dollars, cannot be denied.

This revenue may be raised either by indirect or direct taxes. A difficulty, inherent in the Constitution, will always render a recurrence to direct taxation the last resort of the general government. For, it being provided that such taxes shall be apportioned among the several States according to their respective population, those States who have a less extent of territory in proportion to their numbers will think themselves aggrieved by a species of tax which must reach their lands, not in the ratio of their value, but in that of the whole number of inhabitants.

Labor being the only source of wealth, the annual quantity and produce of labor was the best general rule which could be established for fixing the respective ability of paying taxes in the several States. Nor does it appear that any better criterion could have been adopted, in order to ascertain that annual produce of labor, than the number of inhabitants, making the same allowance with the Constitution by estimating the net produce of the labor of five slaves (after deducting that part necessary for their sustenance) equal to the net produce of the labor of three freemen. Yet that general rule, like all others, is liable to some exceptions. The labor of the same number of men may, according to the differences in the nature of their employment, in their skill and industry, in the government under which they live, in the quantity of active capital existing in the country, and in several other circumstances, vary in different countries. The labor of the inhabitants of Great Britain is certainly far more productive than the labor of the inhabitants of Poland, who are at least equal in number. It does not, however, appear that the differences existing in the respective circumstances of the several States are so great as to render the operation of the rule more unequal than the operation of most indirect taxes. Their government is similar, and the most sen-

sible difference is, that the Southern States have a larger capital in land, and the Northern States have both more industry and a larger circulating capital. Hence it results that a tax merely on lands might perhaps bear more heavily on the landholders of the North than on those of the South; not but that a tract of land, without reference to its size, is usually equally productive in both places when cultivated by an equal number of persons; but because there is a less proportion of the inhabitants employed in the cultivation of land to the North than to the South. The operation of a tax merely on land might therefore be unequal on that description of persons in the several States, but not on the States themselves. A direct tax upon the whole property, although perhaps liable to still greater objections, would not, in that point of view, be unequal either on the States or on any particular description of people. And it is worthy of remark that, whatever inequality may result from the operation of direct taxes proceeding from the difference in the nature of the capital and in the application of the labor in the different States, as great a one, but operating in the very reverse, must result from indirect taxes on consumable commodities imported into the Union. For, if taxes on land, laid according to the rule prescribed by the Constitution, bear more heavily in some one quarter because the proportion of persons employed in the cultivation of lands is less there than in other parts of the Union, on the other hand the proportion of persons employed in manufactures in the same place must be greater.

The consumption, therefore, of imported manufactures, and the amount of duties paid on that consumption, will be proportionably less. If a land tax presses harder upon the landholders of the North, it is because the proportion of cultivators is less and that of manufacturers is greater than to the South. If the proportion of manufacturers is less to the South, the people there must consume a greater quantity of foreign goods and pay a larger proportion of the impost. By combining the two modes of taxation, a more equal effect will probably be produced than can be by either singly. This opinion is confirmed by the experience of all other nations; it is not believed that any instance can be adduced of a nation raising any considerable revenue

without having resorted to direct taxation, to land taxes. Nor have these, when laid judiciously and with moderation, ever been complained of as unequal or oppressive. It is, however, proper to examine what additional resources can be derived from indirect taxes.

The duties upon importations are, of all others, those which seem best adapted to our situation. As we import more and manufacture less, in proportion to our consumption, than almost any other country, the impost must necessarily be far more productive than any internal duties on our own manufactures. The collection of the impost, being confined to a few seaports, requires but few officers and a small expense. The merchant is liable to no vexation from the officers except at the time of landing the goods and on board of his vessel; and he is always a man of sufficient information to understand thoroughly the duties required of him by the law, and to repel any attempt by the officer to oppress. In those particulars the manufacturers who pay internal duties are generally placed in a worse situation, for the act of manufacturing not being, like that of landing goods, the work of a day, but that of the whole year, it is necessary, in order to know the quantity manufactured, that the workshop of the manufacturer should be perpetually opened to the inquisitorial inspection of the collector. Nor must it be forgotten that, in America, the few extensive manufactures are carried on by a great number of persons, many of whom,[1] from their situation in life, may often involuntarily omit some of the numerous duties prescribed by the most complex of all revenue laws, and are also more exposed to the oppressions of subaltern officers. Although few manufactures are yet carried on upon a large scale in the United States, yet a great proportion of the most essentially necessary articles are made at home, and the greater part of the importations may justly be termed luxuries, and are amongst the most proper objects of taxation. Thus the impost, at the same time that it possesses the same general advantages with other taxes upon consumption, is free of the most weighty inconveniences which may be objected to the other species; it is, in our present

[1] Distillation of spirits and tanning leather, chiefly south of the Delaware.

situation, of all others the most productive, the cheapest to collect, the least vexatious, and in general the least oppressive.

This resource has, therefore, been resorted to and carried already pretty generally as far as its own limits will permit. For there is a certain rate of duty beyond which the high temptation offered to smuggling or a diminution of consumption must necessarily decrease the revenue. It cannot be said that the present duties have, upon all those articles which are fit objects of taxation, been carried to the utmost extent of which they are susceptible. Perhaps a judicious selection may be made amongst the most bulky of those articles which now pay ten per cent. *ad valorem*, and the duty increased to the same rate paid upon printed cotton goods, viz., twelve and a half per cent perhaps sugar, which is now thought to pay the lowest duty amongst those articles charged with specific duties, might, without oppression, as it can without danger, be taxed half a cent. higher; perhaps some of the articles which now pay duties *ad valorem* might be classed amongst those paying specific duties, so as to be made to contribute something more to the revenue; perhaps the system is susceptible of some farther improvements. But it will be generally allowed that there would be a great risk of diminishing, instead of increasing, the revenue was any considerable extension of the impost to be attempted, and that it would be a large computation to suppose that 300,000 additional dollars could be raised in that manner. Yet it may be safely predicted that, unless recourse be had to direct taxes, the unavoidable consequence will be an undue and dangerous augmentation of the present duties on importation, amongst which the most oppressive, viz., an increase of that upon salt, is already contemplated.

The next class of indirect taxes are the internal duties on the use or consumption of consumable articles. The only tax which has been suggested, in addition to that on carriages, upon the use of anything is one upon horses; but it must be remembered that, in order to be an indirect tax, it should be confined to saddle-horses.[1] For the horses employed in agriculture or in

[1] The use of coach-horses is already taxed by the duty on pleasurable carriages.

the transportation of merchandise are not an object of expense, but a productive capital, an object of revenue, an object of direct taxation only. It is presumable that a tax confined to saddle-horses would be difficult in its execution, liable to be evaded, and very unproductive.

The little success which taxes upon consumption, laid on the manufactures, have heretofore met with does not seem to afford much encouragement for similar attempts in future. Men who are earnestly wishing to derive new revenues from internal sources and by indirect taxes have not been able to suggest, in addition to those already liable to the excise, more than two American manufactures productive enough to be proper objects of taxation, that of leather and that of hats.

The manufacture of leather is, without doubt, one of the most extensive in the United States. It is presumed that a duty of ten per cent. on that article might, if duly collected, yield about 500,000 dollars. It is liable to two weighty objections: it is a tax which would, at least in the first instance, fall with nearly equal weight on every individual; it is properly a tax upon labor, always oppressive in its first operation, and the final effect of which cannot be calculated. In the next place, it does not seem practicable to raise the duty in any other mode than upon the tanner himself; and the manufacture in many parts of the Middle and almost universally in the Southern States is a family one, carried on by every planter and farmer. Its collection would therefore be expensive, and a great proportion of the duty evaded.

A tax upon hats would be less unequal and more easily collected; but, on the other hand, far less productive. It is believed that a duty of ten per cent. on this article would not in practice yield more than 100,000 dollars.

The last tax of indirect taxes includes all the duties laid upon a variety of transactions in life, which are commonly taxed by the operation of licenses or of stamps.[1] Amongst these, law

[1] Duties upon sales at auction, and licenses to retailers when no consideration is paid to the quantity retailed, cannot be said to be duties upon consumption, and must be ranked in this class.

proceedings, transfers of property, and contracts or obligations for money are the most usual objects of taxation. Taxes upon law proceedings may deservedly be ranked amongst the most unequal, unjust, and oppressive. Those upon contracts in general, although always to a certain degree unequal, are, perhaps, liable to less objections than most other indirect taxes. Yet in America they could not, without injustice, be extended to all species of contracts. Transfers of all real property especially are so much more frequent in those parts of the Union which are newly settled, that a stamp duty upon them would be in proportion not to the wealth, but to the poverty, of the contributors. A necessity of limiting the number of species of contracts to be taxed would diminish the productiveness and increase the expense of collection; and as in mere contracts for money the only penalty attached to the omission of taking out a stamp depends on the subject-matter of the contract becoming a subject of discussion in a court of justice, the confidence of the parties in one another will sometimes, and their negligence often, tend to diminish the revenue. From those causes this class of duties has not been supposed to be likely to produce more than 150,000 dollars at most, and would not probably yield above 100,000.

It therefore appears that the only new indirect taxes that can be resorted to are an addition to the impost, an excise on leather and hats, and a stamp duty; all of which would not yield above one million of dollars, and would therefore fall short of the revenue wanted.[1] Yet could a sufficient sum be raised by those means, the people of the United States may decide which would

[1] No notice is taken here of a duty of two per cent. proposed during the last session of Congress upon testamentary dispositions, descents, and successions. As it is not intended to extend to those to parents, husbands and wives, and children, it is evident that in the present state of society in the United States it would be quite unproductive. But a tax of this kind is to all intents and purposes a direct tax. It falls upon capital, upon revenue, and not upon expense. Should the definition of direct taxes, given in the first section, be thought incorrect, yet it is believed that, upon whatever principle a classification is attempted, this must necessarily be arranged under the head of direct taxation. Thus it falls finally and solely upon the person who pays it.

be most oppressive, these including an additional duty on salt, or a direct tax. The objection arising from a supposed inequality has already been noticed, and it must be farther observed that if some States have stronger objections against that species of taxation than others, they are generally those which have been mostly relieved, by the assumption of the State debts, from the heaviest individual burden. Had not that assumption taken place, the Union, indeed, might have proceeded to the extinguishment of their proper debt without wanting additional revenues and without resorting to direct taxation. But those States who were oppressed under the weight of their own debts must, in that case, have raised a larger revenue than will now be their proportion of a general tax. After having urged, as the most powerful argument in favor of the assumption, that it would liberate the resources of each State from local demands and enable the Union to use them all, it would seem unfair, at present, to refuse to the general government the command of the most productive internal branch of revenue. In fact, the very objections against that assumption which have been so much insisted upon must lose a great part of their strength if an adequate revenue is raised. They are mostly grounded upon the increase of the general debt and the greater difficulty for the Union effectually to command all the resources of the country. Give the Union that command, prove that its ability of paying the principal of the debt is not impaired by having assumed the State debts, and the measure will stand almost justified.

How far the lands belonging to the United States, the additional resources to be derived from indirect taxes, and the savings which may be effected in our present rate of expenditure, may reduce the amount of revenue to be raised by a direct tax, cannot be ascertained. But it cannot be supposed that even a tax of 1,600,000 dollars could be oppressive in the smallest degree. From the year 1785 to the year 1790, at a time when the situation of the United States was less prosperous than now, when their population, the quantity of cultivated land and of circulating capital, the annual income of the people, and their consequent ability to pay, may fairly be stated as inferior to what they now are, a tax was raised in Pennsylvania without oppression

and paid with punctuality, the amount of which was nearly equal to the present proportion of that State of a Federal tax of 1,600,000 dollars.[1] Perhaps it would not be amiss, in order to insure the greatest possible economy, to make all the payments of the interest and principal of the public debts out of the duties on imports, appropriating the surplus of those duties, the internal existing duties, and the new taxes, to the discharge of all the current expenditures, and especially of the military and naval establishments.

A direct tax imposed by the Union may be laid either uniformly on the same species of property in all the States, or upon that species in each State which has usually been directly taxed there. In favor of the last mode it may be said that it will altogether remove the inequality apprehended from a land tax, and, above all, that it will better accommodate to the habits and prejudices of each State. This last argument carries so much weight with it that the House of Representatives have directed the Secretary of the Treasury to prepare a plan upon that principle, to be laid before them at the ensuing session. The materials which will then be collected may enable Congress to form a final determination on the subject; and it is not the intention of this sketch to anticipate, by any remarks on details, the deliberations which must then take place. Yet, opinions having been expressed here upon most species of taxation, a general remark will also be added on the comparative merits of the two modes of laying direct taxes, without any reference to the local causes which may influence a final decision.

A direct tax is laid upon property in proportion either to its capital value or to the revenue it affords. It is, therefore, necessary not only to collect the tax, but previously to assess it; in other words, to estimate the value of the property or of the income derived from it. The collection of the tax itself is everywhere cheaper than that of any other tax, because the officers employed may always be temporary ones, there being no neces-

[1] During the war Pennsylvania raised some enormous taxes, far beyond her abilities, the arrearages of which are not yet finally paid. These, which were certainly highly oppressive, were often collected at the same time with the tax here mentioned, but should by no means be confounded with it.

sity, as in the case of indirect taxes, to keep a watch over the contributors. It costs less to collect in England and in France than any other species of tax. Even in Pennsylvania, where the system was complained of on account of its being expensive, the charges of collection were but five per cent. But the assessment must necessarily increase to a certain degree the expense, and this will vary according to the species of property taxed. Real property, being of a permanent nature, may be valued once in five or ten years without any great inequality resulting therefrom. The assessment of England, which, it is true, is now very unequal, has stood for near a century without variation. Personal property, perpetually shifting, requires a yearly valuation. But it is not only in the article of expenses in collecting that direct taxes upon real property possess a great comparative advantage. In order to assess, to estimate the capital or the income of an individual, that capital, that income, must be known. His real property is visible and can always be estimated with certainty. But the greatest part of his personal property may with propriety be denominated invisible. His capital employed in commerce, the debts which are due to him (from which must be deducted those he owes), his money, and even his stock in goods, must either be assessed according to his own declaration, or be estimated in an arbitrary manner. And when the tax is laid upon the revenue and not upon the capital of persons, when the profits of their industry are also to be calculated, it may truly be asserted that, was it not for the permanence of the vexations of excises, the most odious of these would be less oppressive, unequal, and unjust than a direct tax levied in that manner. Experience justifies those assertions. In England, where direct taxes fall almost exclusively upon lands and houses, they never have given cause to any just reason of complaint. In France, the taxes called *personal*, *taille* and *capitation*, which were laid with a regard to the conditions of persons, and assessed according to a conjectural proportion of fortunes, industry, and professions, were equally oppressive to the contributors and injurious to the nation. Although there are some species of personal property which may be estimated and taxed in a more certain and less arbitrary manner than others, yet it may be laid down as a general

rule, liable only to local exceptions, that lands and houses are the proper objects of direct taxation, that almost every other species of property must be reached indirectly by taxes on consumption.

To conclude: the resources to which it appears that the Union should resort are those of the most general nature, leaving all the lesser, all the local subjects of taxation, to the individual States. There are at present but two species of wealth of a general nature in the United States, viz., lands and capital employed in commerce. It has already been stated that in proportion to our population we were one of the first commercial nations. It cannot be denied that we are by far the first agricultural nation. It must be acknowledged that we are not yet a manufacturing nation. Our capital in commerce is great; our capital in lands is immense; it can hardly be said that we yet have any capital in manufactures. Taxes must be raised from that fund which can afford to pay; taxes must be laid, even in the first instance, where capital does exist. The impost is productive, because our commerce is extensive; every effort, in our present situation, to raise a considerable revenue from our manufactures will prove abortive, because there is no capital there to pay it; because the income drawn from those manufactures which are proper objects of taxation is yet inconsiderable. The same taxes upon consumption, which in manufacturing countries are raised by excises, are in America very properly raised by impost.[1] When the impost is carried as far as prudence will dictate, the great source of taxes upon consumption may, in this country, be considered as nearly exhausted, and the other general species of American capital, the other great branch of national revenue, lands, must be resorted to; must be made to contribute by direct taxation.

---

[1] If soap, leather, and beer pay a duty in England which is not paid in the United States, on the other hand, a great proportion of our clothing of every description pays a duty to which the inhabitant of Great Britain is not subject.

No. I.

Schedule of the Population of the United States in 1791.

States.	Free Persons.	Slaves.	Total.	Federal Number. Tenths.
Vermont	85,523	16	85,539	85,532 6
New Hampshire . . .	141,727	158	141,885	141,821 8
Massachusetts	475,327	none	475,327	475,327 0
Rhode Island	67,877	948	68,825	68,445 8
Connecticut	235,182	2,764	237,946	236,840 4
New York	318,796	21,324	340,120	331,590 4
New Jersey	172,716	11,423	184,139	179,569 8
Pennsylvania	430,636	3,737	434,373	432,878 2
Delaware	50,207	8,887	59,094	55,539 2
Maryland	216,692	103,036	319,728	278,513 6
Virginia	454,983	292,627	747,610	630,559 2
Kentucky	61,247	12,430	73,677	68,705 0
North Carolina	293,179	100,572	393,751	353,522 2
South Carolina	141,979	107,094	249,073	206,235 4
Georgia	53,284	29,264	82,548	70,842 4
Tennessee	32,274	3,417	35,691	34,324 2
Total	3,231,629	697,697	3,929,326	3,650,247 2

The population of the North-West Territory, which is not included in the above, was not supposed to exceed, in 1791, a few thousand souls.

Of the 3,231,629 free persons, 3,173,922 were white, the 57,707 others were free negroes and persons of color.

The direct taxes and representation are in proportion to the federal numbers, which last are found by adding three-fifths of the slaves to the number of free persons.

No. II.

Statement of the Revenue arising from Duties on Imports and Tonnage.

From the 1st of August, 1789, to 31st December, 1791.		*Dols.*	*Cts.*	*Dols.*	*Cts.*
Gross amount of duties:					
On imports		6,494,225	42		
On tonnage		375,323	28½		
Fines and forfeitures		4,234	95½		
				6,873,783	66
Deduct, viz.:					
Drawbacks on merchandise exported		69,805	85		
Bounties on salt fish and provisions		29,682	31		
Expenses of collection		239,541	03½		
Ditto of prosecution		490	62½		
				339,519	82
Net amount of duties				6,534,263	84
Overpaid by collectors				42	09½
Receipts in the Treasury		4,399,472	99		
Balance to be acccounted for, viz.:					
Paid in Treasury, but not yet stated	86,025 42				
In hands of collectors	220,518 25				
Duties outstanding	1,828,289 28				
		2,134,832	95		
		6,534,305	94	6,534,305	93½

1792.		*Dols.*	*Cts.*	*Dols.*	*Cts.*
Gross amount of duties:					
On imports		4,938,074	65		
On tonnage		157,365	25		
Fines and forfeitures		479	61		
				5,095,919	51
Deduct, viz.:					
Drawbacks on merchandise exported		137,861	57		
Bounties on salt fish and provisions		44,772	17		
Expenses of collection		161,754	79		
Do. of prosecution		178	15		
				344,566	68
Net amount of duties				4,751,352	83
Balance from last year				2,134,832	95
Overpaid by collectors				391	8½
Receipts in the Treasury (including drawbacks on spirits charged to that revenue)		3,579,499	06½		
Balance to be accounted for, viz.:					
Paid in Treasury, but not yet stated	44,905 96				
In hands of collectors	364,548 84				
Duties outstanding	2,897,623 0				
		3,307,077	80		
		6,886,576	86½	6,886,576	86½

No. II.—*Continued.*

1793.		*Dols.* *Cts.*	*Dols.* *Cts.*
Gross amount of duties:			
On imports		6,598,445 31	
On tonnage		120,608 82	
Fines and forfeitures		1,931 49	
			6,720,985 62
Deduct, viz.:			
Drawbacks on merchandise exported		279,809 83	
Bounties on salt fish and provisions		16,731 16	
Allowances to fisheries		72,965 32	
Expenses of collection		188,362 13	
Do. of prosecution		552 89	
			558,421 33
Net amount of duties			6,162,564 29
Balance from last year			3,307,077 80
Overpaid by collectors			322 30
Receipts in the Treasury (including drawbacks on spirits)		4,344,358 26	
Balance to be accounted for, viz.:			
Paid in Treasury, but not yet stated	45,886 94		
In hands of collectors	462,906 51		
Duties outstanding	4,616,812 68		
		5,125,606 13	
		9,469,964 39	9,469,964 39

1794.		*Dols.* *Cts.*	*Dols.* *Cts.*
Gross amount of duties:			
On imports		8,588,382 98	
On tonnage		80,113 38	
Fines and forfeitures		2,699 27	
			8,671,195 63
Deduct, viz.:			
Drawbacks on merchandise exported		1,615,574 44	
Bounties on salt fish and provisions		13,767 85	
Allowances to fisheries		93,768 91	
Expenses of collection		221,090 23	
Do. of prosecution		1,038 37	1,945,239 80
Net amount of duties			6,725,955 83
Balance from last year			5,125,606 13
Receipts in the Treasury (including drawbacks on spirits)		4,843,707 25	
Repayments to collectors		19 30	
Balance to be accounted for, viz.:			
Paid in Treasury, but not yet stated	113,447 98		
In hands of collectors	664,446 87		
Duties outstanding (*a*)	6,229,940 56		
		7,007,835 41	
		11,851,561 96	11,851,561 96

(*a*) This sum liable to great deductions by drawbacks.

No. III.

Abstract of the most Important Exports of the United States for Six Years, respectively ending on the 30th September of each Year.

Articles of the Growth or Manufacture of the United States.

Years ending on 30th September.	1790.(a)	1791.	1792.	1793.	1794.	1795.
Pot and pearl ashes, tons	8,598	6,354	7,824	6,167	7,191	4,980
Lumber . thousand feet	uncertain.	50,134	60,647	65,846	34,342	40,736
Timber . . . . . tons	do.	13,775	19,391	21,838	5,709	9,043
Do. . . . . pieces	do.	38,680	18,374	12,272	6,122	14,223
Staves, shing's, hoops, thsd	105,641	104,688	103,397	112,851	56,164	72,373
Shooks and casks, number	54,919	42,329	48,860	44,807	66,344	93,514
Masts and spars . do.	uncertain.	5,430	1,591	5,052	1,286	4,056
Flaxseed . . . . casks	40,019	58,492	52,381	51,708	38,620	58,752
Fish, dried . . quintals	378,721	383,237	364,899	372,825	418,907	400,818
Do. pickled . . barrels	36,840	57,424	48,277	45,440	36,809	55,999
Oil, whale & oth. fish, gals.	uncertain.	447,323	436,423	512,780	970,628	810,524
Do. spermaceti . . do.	do.	134,595	63,383	140,056	82,493	80,856
Whalebone . . . pounds	121,281	124,829	154.407	202,620	313,467	410,664
Spermaceti candles, boxes	uncertain.	4,560	3,938	5,874	5,162	5,998
Wheat . . . . bushels	1,124,458	1,018,339	853,790	1,450,575	696,797	141,273
Other gr. and pulse, do.	1,268,058	2,046,419	2,291,465	1,354,570	1,726,648	2,187,831
Flour . . . . . barrels	724,623	619,687	824,464	1,074,639	828,405	687,369
Meal . . . . . do.	99,973	101,313	73,252	97,815	53,782	108,191
Bread . . . . . do.	75,667	100,279	80,986	76,653	68,479	71,331
Crackers . . . . kegs	uncertain.	15,346	37,645	43,306	40,916	37,462
Rice . . . . . tierces	100,845	uncertain.	141,762	134,611	uncertain.	138,526
Beef, pork, lard . barrels	(b) 73,000	(b) 94,000	(b)120,000	(b)120,000	(b)156,000	(b)201,000
Butter . . . . . firkins	8,379	16,670	11,761	9,190	36,932	28,389
Cheese . . . . . cwt.	1,447	1,299	1,259	1,462	15,769	23,431
Potatoes and onions, bush.	uncertain.	64,683	131,841	(c)289,747	(c)786,192	(c)695,559
Horned cattle . number	5,406	4,627	4,551	3,728	3,495	2,510
Horses and mules do.	8,865	7,419	6,757	5,718	3,445	4,052
Other live-stock . do.	15,362	27,180	33,444	21,998	14,990	11,416
Hides . . . . . do.	230	704	1,602	978	35,146	27,865
Leather . . . . pounds	22,698	5,424	19,536	uncertain.	746,853	1,819,224
Tallow . . . . do.	200,020	317,195	152,622	309,366	130,012	49,515
Tallow candles . boxes	uncertain.	2,745	3,997	9,857	20,381	28,695
Boots and shoes . . pair	5,862	7,528	9,254	16,269	99,009	(b)160,000
Furs and skins number	uncertain.	4,406	21,442	27,446	38,776	79,296
Do. do. packages	do.	889	1,758	1,123	1,329	1,196
Do. do. pounds	do.	49,011	163,067	426,318	uncertain.	24,903
Ginseng . . . . do.		29,208	42,310	71,550	22,232	17,460
Do. . . . packages	813			13	189	327
Iron . . . . . tons	3,755	4,553	3,633	2,879	2,926	3.572
Naval stores . barrels	121,929	uncertain.	146,909	114,971	uncertain.	132,866
Spirits . . . gallons	370,371	513,987	948,115	665,522	274,401	685,167
Tobacco . . hogsheads	118,460	uncertain.	112,428	59,947	uncertain.	61,050
Snuff and tobacco, pounds	15,350	96,811	127,916	173,343	56,785	149,699
Wax . . . . . do.	231,158	226,810	299,598	273,073	330,871	312,845
Wax candles . . boxes	uncertain.	533	357	66	179	792
(d) Indigo . . . casks				462	} uncert.	2,097
Do. . . . pounds	612,119	uncertain.	858,996	690,989		666,926
(d) Cotton . . . do.		189,316	138,328			
Do. . . . bags	2,027			2,438	7,222	20,921

(a) The exportations ending the 30th September, 1790, are for thirteen months and a half.

(b) These are reduced to round numbers, some articles, which make part of the whole, being estimated.

(c) These are bushels of potatoes and bushels and bunches of onions.

(d) These articles are also imported in large quantities, and the exportations of the quantities of the growth of the United States are not distinguished from those which had been imported. The following are the quantities imported

Years ending on last Dec.	1790.	1791.	1792.	1793.	1794.
Indigo . . . . . pounds	33,186	51,867	12,777	298,673	544,173
Cotton . . . . . do.	97,357	260,011	530,743	2,630,239	2,450,673

Exportation of the most Important Articles not of the Growth of the United States.

Years ending on Sept. 30.	1790.	1791.	1792.	1793.	1794.	1795.
Coffee . hhds., tierces, barrels, and bags				17,773	30,657	89,617
Do. . . . . pounds	254,752	962,977	2,136,742	10,764,549	22,762,575	21,596,379
Cocoa . . . . . do.	10,632	8,322	6,000	(*b*)200,000	1,141,802	525,432
Sugar (oth. than loaf) do.	33,358	74,504	1,176,156	4,539,809	17,563,811	(*b*) 22,000,000
Pimento and pepper do.	uncertain.	142,193	351,675	128,616	60,959	543,664
Merchandise . packages		1,439	1,701	4,136	5,451	
Do. val. in dolls.	2,815,600					2,879,198
Nankeens . . . . pieces	uncertain.	7,072	12,340	10,972	40,742	186,526

No. IV.

Revenue arising from Duties on Domestic Distilled Spirits and Stills so far as the Accounts have been settled at the Treasury.

From 1st July to 31st December, 1791.		*Dolls. Cts.*	*Dolls. Cts.*
Gross amount of duties, abatements deducted . . .			171,819 17
Deduct expenses of collection			8,797 65
Net amount of duties			163,021 52
Balances due to supervisors on 31st December, 1791.			1,575 93
Balance to be accounted for, viz.:			
In hands of collectors .	18,655 71		
Outstanding duties . .	145,941 74		
		164,597 45	164,597 45

N.B.—Pennsylvania and Kentucky not included.

No. IV.—*Continued.*

1792.	*Dolls.*	*Cts.*	*Dolls.*	*Cts.*
Gross amount of duties, abatements deducted			457,334	79
Deduct, viz.:				
Drawbacks on spirits exported	136,428	21½		
Expenses of collection	41,266	94		
			177,695	15½
Net amount of duties			279,639	63½
Payment by Pennsylvania (accounts unsettled)			1,594	95
Balances due to supervisors on 31st December, 1792			651	58
Balance from last year			164,597	45
Receipts in the Treasury, drawbacks deducted	72,514	59½		
Balance to be accounted for, viz.:				
In Treasury, but not yet stated	5,979	92		
In hands of collectors	158,871	37		
Outstanding duties	207,541	80		
	372,393	09		
Balances due to supervisors on 31st December, 1791	1,575	93		
	446,483	61½	446,483	61½

N.B.—Pennsylvania and Kentucky not included, but a partial payment of dollars $1594\frac{95}{100}$ made by Pennsylvania.

1793.	*Dolls.*	*Cts.*	*Dolls.*	*Cts.*
Gross amount of duties, abatements deducted	284,986	25		
Fines and forfeitures	16	49		
			285,002	74
Deduct, viz.:				
Drawbacks on spirits exported	89,051	70		
Expenses of collection	34,883	25		
Do. of prosecutions	312	60		
			124,247	55
Net amount of duties			160,755	19
Payment by Pennsylvania (accounts unsettled)			6,000	00
Balances due to supervisors 31st December, 1793			827	20
Balance from last year			372,393	09
Receipts in Treasury, drawbacks deducted	248,654	00		
Balance to be accounted for, viz.:				
Paid in Treasury, but not yet stated	3,154	04		
In hands of collectors	127,953	44		
Outstanding duties	159,562	42		
	290,669	90		
Balances due to supervisors 31st December, 1792	651	58		
	539,975	48	539,975	48

N.B.—Pennsylvania and Kentucky not included, but partial payment of dollars 6000 made by Pennsylvania; New Jersey and North Carolina settled only to 31st March, 1793, and Virginia to 30th June, 1793.

No. IV.—*Continued.*

1794.		*Dols.* *Cts.*	*Dols.* *Cts.*
Gross amount of duties on spirits and stills, abatements deducted			120,241 21
Deduct, viz.:			
Drawbacks on spirits exported		42,641 97	
Expenses of collection		20,883 26	
			63,525 23
Net amount of duties			56,715 98
Payment by Pennsylvania (accounts unsettled)			500 00
Balances due to supervisors 31st of December, 1794			313 35
Balance from last year			290,669 90
Amount of duties for carriage tax, tax on sales at auction, and licenses on retailers of wines and spirits in South Carolina			6,055 88
Receipts in Treasury, drawbacks deducted		231,447 65	
Balance to be accounted for, viz.:			
Paid in Treasury, but not yet stated	200 00		
In hands of collectors	5,346 49		
Outstanding duties	116,433 77		
		121,980 26	
Balances due to supervisors 31st December, 1793		827 20	
		354,255 11	354,255 11

N.B.—Pennsylvania, Kentucky, New Jersey, North Carolina, Virginia, Delaware, and Maryland not included; but a partial payment of 500 dollars made by Pennsylvania. New York settled only to 30th June, 1794, and Rhode Island to 30th September, 1794. But dollars $24{,}531\frac{30}{100}$, part of the receipts in Treasury for this year, have been paid by Delaware, Maryland, New York, and Rhode Island, which are not credited to the supervisors, and may arise either from the duties here stated as outstanding or from those accrued during the periods not included in the account.

No. V.

Gross Amount of Duties upon Stills and Spirits Distilled within the United States for Four Years Respectively, ending on the Last Days of June, 1792, 1793, 1794, *and* 1795.

Duties upon Spirits Distilled in Cities, Towns, and Villages.

	Apparent Gross Amount of Duties.			Deduct for Drawbacks.	Gross Amount of Duties.
	Settled Accounts.	Estimated Amount Unsettled Accounts.	Total Amount.		
	Dols. Cts.	*Dols. Cts.*	*Dols. Cts.*	*Dols. Cts.*	*Dols. Cts.*
1791–1792 .	330,940 90		330,940 90	107,193 60	223,747 30
1792–1793 .	277,455 43	5,052 01	282,507 44	68,501 31	214,006 13
1793–1794 .	195,035 66	5,108 89	200,144 55	32,801 52	167,343 03
1794–1795 .	113,114 24	22,552 43	135,666 67	26,666 67	109,000 00

Note.—The drawbacks are, in the above, the amount paid by the collectors in each calendar year; those for 1795 being estimated. In statement No. IV. the whole amount of drawbacks is charged to this revenue; but in this statement only that part which properly belongs to it, viz., 11 cents for the first year and 10 cents for the others, the remaining 3 cents per gallon being in fact a drawback of the duty paid on the importation of molasses.

Duties upon Spirits Distilled in the Country.

	Settled Accounts.	Estimated Amount for Unsettled Accounts.	Gross Amount.
	Dols. Cts.	*Dols. Cts.*	*Dols. Cts.*
1791–1792	60,690 73	5,798 46	66,489 19
1792–1793	123,487 84	10,705 73	134,193 57
1793–1794	80,884 04	63,424 92	144,308 96
1794–1795	11,531 92	148,468 08	160,000 00

No. VI.

Estimate of the net amount of Duties upon Stills and Spirits distilled within the United States for the year ending on the last day of June, 1795.

Districts.	Gross Amount of Duties.		Expenses of Collection.
	Town Distilleries.	Country Distilleries.	
	Dols. Cts.	*Dols. Cts.*	*Dols.*
New Hampshire		159 91	1,050
Massachusetts	(*b*) 82,651 74	(*d*) 32 93	12,000
Rhode Island	32,449 76		2,700
Connecticut	4,354 13	1,060 37	1,900
Vermont		415 96	940
New York	5,884 68	2,356 38	3,600
New Jersey	59 88	(*d*) 10,167 18	2,090
Pennsylvania	(*c*) 2,700 40	(*e*) 56,200 01	9,320
Delaware		(*d*) 1,192 04	890
Maryland	5,426 82	(*f*) 10,159 13	5,900
Virginia	87 29	(*f*) 54,869 09	14,680
(*a*) Ohio			1,200
Tennessee			
North Carolina	35 57	(*f*) 13,701 10	7,790
South Carolina	2,016 40	7,541 30	4,500
Georgia		(*d*) 2,149 60	1,440
Total	135,666 67	160,000 00	70,000
Deduct for drawbacks	26,666 67		
Town distilleries	109,000 00		
Country do.	160,000 00		
Gross amount	269,000 00		
Expenses of collection	70,000 00		
Net amount	199,000 00		

(*a*) That district includes Kentucky and the North-West Territory.

(*b*) One quarterly return estimated.

(*c*) Three quarterly returns estimated.

(*d*) One half-yearly return estimated.

(*e*) Estimated from partial statements.

(*f*) Estimated, being the sum accrued in each of those States during the last year, the accounts of which have been settled.

No. VII.

Estimate of all the Internal Duties for one year, ending on the last day of June, 1795.

	Apparent Gross Amount.	Draw-backs.	Gross Amount.	Expenses of Collection.	Net Amount.
	Dols.	*Dols.*	*Dols.*	*Dols.*	*Dols.*
City distilleries	135,667	26,667	109,000	16,000	93,000
Country do.	160,000		160,000	54,000	106,000
Licenses to retailers . .	55,000		55,000	1,375	53,625
Sales at auction	31,000		31,000	775	30,225
Refined sugar	34,000	300	33,700	1,700	32,000
Snuff	20,000	25,000		700	
Carriages	42,000		42,000	2,100	39,900
			430,700		354,750
Deduct for excess of expenses on snuff tax beyond its proceeds . .			5,000		5,700
Total	477,667	51,967	425,700	76,650	349,050

No. VIII.

Estimate of the annual revenue to be hereafter derived from all the Internal Duties.

	Gross Amount.	Expenses of Collection.	Net Amount.
	Dols.	*Dols.*	*Dols.*
City distilleries	109,000	16,000	93,000
Country do.	190,000	60,000	130,000
Licenses to retailers	60,000	1,500	58,500
Sales at auction	35,000	875	34,125
Refined sugar	40,000	2,000	38,000
Carriages	60,000	3,000	57,000
Total	494,000	83,375	410,625

No. IX.

Statement of the Revenue arising from the Postage of Letters.

	Gross Amount of Postage.	Expenses of Transportation, Compensation, &c.	Net Amount of Revenue.	Payment made to the Treasury.
	Dols. Cts.	*Dols. Cts.*	*Dols. Cts.*	*Dols. Cts.*
1st of October, 1789, to 30th June, 1791 . .	71,295 93	67,113 66	4,182 27	
1st of July, 1791, to 31st December, 1792 . .	92,988 40	76,586 60	16,401 80	
1793	103,883 19	74,161 03	29,722 16	11,020 51
1794	129,185 87	95,397 53	33,788 34	29,478 49
Total	397,353 39	313,258 82	84,094 57	40,499 00
Balance due by postmasters on 31st December, 1794 . . .				43,595 57
Net amount of revenue				84,094 57

No. X.

Statement of the Receipts and Expenditure, or Disbursements, from the Establishment of the present Government, in March, 1789, to the 1st day of January, 1796, including all the Receipts and Payments, whether made in Europe or America.

From the establishment of the present government to 31st December, 1791.

Receipts.		*Dols. Cts.*	*Dols. Cts.*
Balances due on account of late government, viz.:			
Balance unexpended in hands of commissioners in Holland		132,475 31	
Balances paid on sundry accounts		11,001 11	
			143,476 42
Revenues, viz.:			
Duties on imports and tonnage			4,399,472 99
Incidental, viz.:			
Fines and forfeitures for crimes		311 00	
Arms and ammunition sold government France		8,962 00	
Profits on sundries, viz.:			
Interest on notes of sundry persons	17 54		
On a remittance from Philadelphia to New York	6 28		
On guilders 894,443 11 5 drawn from Holland to America, sold for dols. 361,391 34, and at 40 cts. were worth dols. 357,777 42	3,613 92		
On livres 15,513,104 3 2 remitted from Holland to France, which, at $18\frac{15}{100}$ cents per livre, are dols. 2,815,628 40, and cost only guilders 6,463,793 8, which, at 40 cents, are dollars 2,585,517 36	230,111 4		
On 100,000 guilders remitted from America to Holland, at 40 cents per guilder are dols. 40,000, and cost only dols. 35,087 71	4,912 29		
		238,661 07	
			247,934 07
Loans, viz.:			
Domestic loans contracted in anticipation of the revenues		246,608 81	
Carried forward		246,608 81	4,790,883 48

No. X.—*Continued.*

From 1789 to 31st December, 1791, continued.

Receipts, continued.		*Dols. Cts.*	*Dols. Cts.*
Brought forward		246,608 81	4,790,883 48
Loans, continued, viz.:			
Foreign loans effected in Amsterdam and Antwerp, viz.:			
1790, February, at 5 per cent. interest and 4½ per cent. charges, Amsterdam . .	1,200,000		
1791, March, at 5 do. and 4 do. do. . .	1,000,000		
—— November, at 4½ do. and 4 do. Antwerp .	820,000		
—— December, at 5 do. and 4 do. Amsterdam	2,400,000		
		5,420,000	
			5,666,608 81
			10,457,492 29

Expenditures.		*Dols. Cts.*	*Dols. Cts.*
Civil list, viz.:			
Compensation to President United States . . .	72,150 00		
Expenses incurred for his temporary accommodation in 1789 and 1790 .	13,667 83		
		85,827 83	
Compensation of the Vice-President . .		14,000 00	
Judiciary Department, including judges, attornies, marshals, clerks, and jurors .		79,491 48	
Legislative do., including clerks, officers, and contingent expenses		364,559 08	
Public offices, viz.:			
Treasury Department .	80,720 47		
Department of State .	12,459 37		
Do. of War .	17,388 72		
Commissioners for settling the accounts of the several States . .	22,384 11		
Commissioners of loans .	13,658 66		
		146,611 33	
Government of the Territories, viz.:			
North-West Territory .	10,042 67		
South-West do. .	6,187 90		
		16,230 57	
			706,720 29
Carried forward . . .			706,720 29

No. X.—*Continued.*

From 1789 to 31st December, 1791, continued.

Expenditures, continued.	*Dols.*	*Cts.*	*Dols.*	*Cts.*
Brought forward			706,720	29
Pensions, Annuities, and Grants, viz.:				
Pensions to military invalids . . .	175,813	88		
Annuities and grants to sundry persons .	13,102	96		
			188,916	84
Military Establishment, viz.:				
Army, viz.:				
Moneys advanced to the Secretary at War, Paymaster-General, and commissioner of army accounts (*a*) . .	373,441	50		
Do. to contractors for the supply of the army on Western frontiers . . .	181,000	00		
Do. to contractors for clothing . .	59,767	17		
Do. sundry supplies in several places .	6,580	95		
Do. for rent and purchase of West Point	12,014	41		
			632,804	03
Indian Department			27,000	00
Intercourse with foreign nations, viz.:				
Moneys advanced for the support of ministers abroad	1,733	33		
Recognition of treaty with Morocco . .	13,000	00		
			14,733	33
Sundries, viz.:				
Light-houses, beacons, buoys, and public piers	22,591	94		
Enumeration of inhabitants of United States	20,590	71		
Other contingent and miscellaneous expenses	7,752	44		
			50,935	09
Interest on public debt, viz.:				
On domestic temporary loans . . .	2,598	12		
On domestic debt for the year 1791 . .	1,140,177	20		
On foreign debt, viz.:	*Dols.*	*Cts.*		
On the French debt				
for 1790, livres 1,606,703 5 4				
for 1791, 1,622,291 13 4				
3,228,994 18 8	586,062	57		
On the Dutch debt				
for 1790, guilders 348,818 10 0				
for 1791, 555,680 7 8	361,799	55		
			947,862	12
			2,090,637	44
Charges on public debt, viz.:				
Premium on the old guilders 2,000,000 loan paid in 1791	36,000	00		
Charges on the four loans effected in Amsterdam and Antwerp, as per above receipts	222,800	00		
			258,800	00
Carried forward . . .			3,970,547	02

No. X.—*Continued.*

From 1789 to 31st December, 1791, continued.

Expenditures, continued.	*Dols.*	*Cts.*	*Dols.*	*Cts.*
Brought forward			3,970,547	02
Payment in part of principal of public debt, viz.:				
On the French debt, including arrears of interest previous to the year 1790 remitted from Holland, livres 12,333,486 12 10	2,238,527	83		
Reimbursement of domestic temporary loans	246,608	81		
Paid to the commissioners of the sinking fund [being part of the surplus of the revenue of 1790], and applied by them in purchases of domestic debt . . .	699,984	23		
Unfunded debts incurred under the late government and paid in specie (including dollars 20,000 for supplies furnished by France in the West Indies, and not included in the general account of the French debt) (*b*)	298,479	94		
			3,483,600	81
Balance to be accounted for next year, viz.:				
In Treasury of America, viz.:				
Balance in cash per official statement . . . 973,905 65				
Moneys repaid by Olney & Nourse . . . 857 83				
	974,763	48		
In hands of commissioners in Holland, guilders 5,071,452 9 (*c*)	2,028,580	98		
			3,003,344	46
			10,457,492	29

Receipts of 1792.	*Dols.*	*Cts.*	*Dols.*	*Cts.*
Balance from last year, viz.:				
Cash in Treasury and Holland, as per above	3,003,344	46		
Overcharged to Treasurer in his accounts .		10		
Repayment by the Secretary at War of part of the moneys advanced to him the preceding year for the military establishment (*a*)	2,304	38		
			3,005,648	94
Balances paid on accounts which originated under the late government			4,702	82
Revenues, viz.:				
Duties on imports and tonnage . . .	3,579,499	06½		
Do. on stills and domestic distilled spirits	72,514	59½		
Dividend on bank shares belonging to the United States (*a*)	40,000	00		
			3,692,013	66
Carried forward			6,702,365	42

No. X.—*Continued.*

Receipts of 1792, continued.		*Dols. Cts.*	*Dols. Cts.*
Brought forward			6,702,365 42
Incidental, viz.:			
Fines and forfeitures for crimes . .		118 00	
Arms sold to State of South Carolina .		4,240 00	
Profits on bills of exchange, viz.:			
On guilders 1,351,109 13 1 drawn from Holland to America sold for dollars 545,902 89, and at 40 cts. were worth dols. 540,443 86 . . .	5,459 03		
On livres 8,679,901 11 2 remitted from Holland to France, which, at $18\frac{15}{100}$ per livre, are dols. 1,575,402 13, and cost only 3,616,625 13 guilders, which, at 40 cts., are dols. 1,446,650 26 .	128,751 87		
		134,210 90	
			138,568 90
Loans, viz.:			
Domestic loan contracted to pay the subscription to the bank		2,000,000 00	
Domestic loans in anticipation of revenues		556,595 56	
Foreign loans effected in Amsterdam, viz.:			
1791, December, at 4 per cent. interest and $5\frac{1}{2}$ per cent. charges .	1,200,000 00		
1792, August, at 4 do. and 5 do. . .	1,180,000 00		
		2,380,000 00	
			4,936,595 56
			11,777,529 88

Expenditures.		*Dols. Cts.*	*Dols. Cts.*
Civil list, viz.:			
Compensation of the President of the United States		22,500 00	
Do. of the Vice-President		5,340 00	
Judiciary Department		62,161 54	
Legislative do.		144,805 30	
Public offices, viz.:			
Treasury Department .	60,679 90		
Department of State .	8,097 61		
Do. of War .	9,190 90		
Carried forward	77,968 41	234,306 84	

No. X.—*Continued.*

Expenditures of 1792, continued.		*Dols. Cts.*	*Dols. Cts.*
Brought forward . . .	77,968 41	234,306 84	
Civil list, continued, viz.:			
Public offices, continued, viz.:			
Commissioners for settling the accounts of the several States . .	12,799 75		
Commissioners of loans .	32,396 74		
		123,164 90	
Government of the Territories, viz.:			
North-West Territory .	4,972 22		
South-West do. .	5,375 90		
		10,348 12	
			368,319 86
Pensions, Annuities, and Grants, viz.:			
Pensions to military invalids . . .		109,243 15	
Annuities and grants to sundry persons .		5,597 72	
			114,840 87
Military establishment, viz.:			
Moneys advanced to the accountant of the War Department		329,595 56	
Do. to the Treasurer for pay of the army and sundry other expenses . . .		303,240 00	
Do. to Quartermaster-General's Department		120,939 25	
Do. to the contractors for the supply of the army on Western frontiers . . .		126,760 67	
Do. for clothing of the army . . .		160,889 14	
Do. for supplies in several places . .		47,704 34	
Do. for rifles		3,792 00	
			1,092,920 96
Indian Department		. . .	13,648 85
Intercourse with foreign nations . . .		. . .	78,766 67
Sundries, viz.:			
Mint establishment		7,000 00	
Light-houses, beacons, piers, &c. . .		38,976 36	
Enumeration of inhabitants of United States		22,904 69	
Other contingent and miscellaneous expenses		5,951 96	
			74,833 01
Interest on public debt, viz.:			
On domestic loans (*a*)		31,972 00	
On domestic debt . .	2,373,611 28		
Deduct paid to commissioners of sinking fund .	60,561 46		
		2,313,049 82	
On debt due to foreign officers; three years' interest, for the years 1790, 1791, and 1792 (*d*)		33,657 87	
On foreign debt, viz.:			
On French debt . .	233,111 54		
On Holland and Antwerp debt, including commission	436,247 54		
		669,359 08	
			3,048,038 77
Carried forward			4,791,368 99

No. X.—*Continued.*

Expenditures of 1792, continued.		*Dols. Cts.*	*Dols. Cts.*
Brought forward			4,791,368 99
Charges on the two loans effected this year at Amsterdam			125,000 00
Payments in part of principal of public debt, viz.:			
On the French debt, viz.:			
Remitted livres 8,679,901-11 2 from Holland to France . . .	1,575,402 13		
Payments by the Treasury in America . . .	202,152 29		
		1,777,554 42	
On the debt due to foreign officers, viz.:			
Remitted guilders 105,000 from Holland to France	42,000 00		
Payments by the Treasury in America . . .	18,354 79		
	60,354 79		
(*i*) Advance to General La Fayette (remitted from Holland)	4,000 00		
	64,354 79		
Deduct 3 years' interest per above	33,657 87		
		30,696 92	
Paid to the commissioners of the sinking fund and applied to purchases of domestic debt, viz.:			
Surplus of revenue of 1790	257,786 42		
Interest on stock vested in said fund as per above .	60,561 46		
		318,347,88	
Unfunded debts incurred under the late government and paid in specie, including a balance of account to France, not included in the general account of the French debt (*b*)		136,877 84	
			2,263,477 06
Subscription to the bank stock of the United States			2,000,000 00
Balance to be accounted for next year, viz.:			
In Treasury of America		783,444 51	
(*c*) In hands of commissioners in Holland, guilders 4,535,598 5 13		1,814,239 32	
			2,597,683 83
			11,777,529 88

No. X.—*Continued.*

Receipts of 1793.		*Dols.* *Cts.*	*Dols.* *Cts.*
Balance from last year			2,597,683 83
Balances paid on accounts which originated under the late government			8,448 58
Revenues, viz.:			
Duties on imports and tonnage . . .		4,344,358 26	
Do. on stills and domestic distilled spirits		248,654 00	
Do. on the postage of letters . . .		11,020 51	
Dividend on bank shares belonging to the United States (*a*)		152,500 00	
			4,756,532 77
Incidental, viz.:			
Fees on letters patent		660 00	
Cents and half cents coined at the mint (*a*)		1,281 79	
Profits on bills of exchange, viz.:			
On guilders 2,909,067 18 2 drawn from Holland to America sold for dollars 1,197,272 01, and at 40 cents were worth dollars 1,163,627 16 . .	33,644 85		
On guilders 91,913 15 drawn from Amsterdam to Antwerp cost only guilders 88,941 9, difference is in dollars	1,188 92		
On dollars 268,033 62 remitted to Spain from Holland cost guilders 615,307 11 3, which, at 40 cents, are dollars 246,123 02 . . .	21,910 59		
On guilders 536,565 4 remitted to Holland from America at 40 cents are dollars 214,626 08, and cost dollars 213,669 30	10,956 18		
		67,701 14	
			69,642 93
Loans, viz.:			
Domestic loan in anticipation of revenues .		600,000 00	
Foreign loan effected at Amsterdam at 5 per cent. interest, being a re-loan of an instalment due this year		400,000 00	
			1,000,000 00
			8,432,308 11

No. X.—*Continued.*

Expenditures of 1793.		*Dols.* *Cts.*	*Dols.* *Cts.*
Civil list, viz.:			
Compensation of the President of the United States		27,500 00	
Do. of the Vice-President		5,000 00	
Judiciary Department		54,020 54	
Legislative do.		97,481 22	
Public offices, viz.:			
Treasury Department	65,454 87		
Department of State	7,930 12		
War Department	11,470 95		
Commissioners to settle the accounts of the several States	9,327 27		
Commissioners of loans	46,580 24		
		140,763 45	
Government of the Territories, viz.:			
North-West Territory	4,462 50		
South-West do.	5,035 58		
		9,498 08	
			334,263 29
Pensions, Annuities, and Grants, viz.:			
Pensions to military invalids		80,087 81	
Annuities and grants to sundry persons		5,329 51	
			85,417 32
Military establishment, viz.:			
Moneys advanced to the Treasurer		449,434 04	
Quartermaster-General		160,045 00	
Contractors for the supply of the Western army		190,000 00	
Clothing of the army		111,550 02	
Agent for supplies in Philadelphia		74,000 00	
Supplies furnished in Georgia and South-West Territory		116,286 91	
Do. in several other places		28,933 11	
			1,130,249 08
Indian Department (*a*)			27,282 83
Intercourse with foreign nations			89,500 00
Sundries, viz.:			
Mint establishment (*a*)		18,648 28	
Light-houses, piers, &c.		12,061 68	
Enumeration of inhabitants of United States		881 88	
Other contingent and miscellaneous expenses		4,645 61	
			36,237 45
Interest on public debt, viz.:			
On domestic loans (*a*)		132,753 41	
On domestic debt	2,079,105 76		
Deduct paid to commissioners of sinking fund	73,906 09		
		2,005,199 67	
Carried forward		2,137,953 08	1,692,949 97

No. X.—*Continued.*

Expenditures of 1793, continued.		*Dols. Cts.*	*Dols. Cts.*
Brought forward		2,137,953 08	1,692,949 97
Interest on public debt, continued, viz.:			
On foreign debt, viz.:			
On French debt . .	165,616 23		
On Holland and Antwerp debt	527,284 98		
On Spanish debt, arrears from 1st January, 1790	26,351 67		
		719,252 88	
			2,857,205 96
Charges on foreign debt, viz.:			
Premium on the old guilders 2,000,000 loan due this year		40,000 00	
Commissions, brokerage, charges for sundries by the bankers of the United States in Holland		17,948 28	
			57,948 28
Payments in part of the principal of the public debt, viz.:			
On domestic loans, viz.:			
First instalment of the bank stock loan . .	200,000 00		
Reimbursement of anticipations. . . .	556,595 56		
		756,595 56	
On the foreign debt, viz.:			
First instalment of Dutch debt . . .	400,000 00		
On the French debt (paid in America). . .	1,172,265 09		
On the Spanish debt remitted from Holland including dollars 67,670 95 arrears of interest accrued before the year 1790 . . .	241,681 95		
		1,813,947 04	
On the debt due to foreign officers paid in America		39,000 47	
Paid to the commissioners of the sinking fund, and applied to purchases of domestic debt, viz.:			
Moneys arising from foreign loans . . .	334,901 89		
Interest on stock vested in said fund. . .	73,906 09		
		408,807 98	
Unfunded debts incurred under the late government (*b*)		7,120 29	
			3,025,471 34
Balance to be accounted for next year, viz.:			
In Treasury of America		753,661 69	
In hands of commissioners in Holland, guilders 87,677 3 8.		35,070 87	
			788,732 56
			8,432,308 11

No. X.—*Continued.*

Receipts of 1794.	Dols.	Cts.	Dols.	Cts.
Balance from last year, viz.:				
Cash in Treasury and Holland, as per above	788,732	56		
Repayment of moneys advanced in 1793 to the Indian department (*a*)	12,942	77		
			801,675	33
Balances paid on accounts which originated under the late government			693	50
Revenues, viz.:				
Duties on imports and tonnage	4,843,707	25		
Do. on stills and domestic distilled spirits	231,447	65		
Do. on postage of letters	29,478	49		
Dividend on bank shares (*a*)	157,500	00		
			5,262,133	39
Incidental, viz.:				
Fees on letters patent	570	00		
Cents and half cents coined at the mint (*a*)	9,593	21		
			10,163	21
Loans, viz.:				
Domestic loan obtained from the Bank of New York in order to defray certain expenditures relative to the intercourse with foreign nations	200,000	00		
Other domestic loans in anticipation of revenues	3,200,000	00		
Foreign loan effected at Amsterdam in January, 1794, at 5 per cent. interest and 4½ per cent. charges	1,200,000	00		
			4,600,000	00
			10,674,665	43

Expenditures of 1794.		Dols.	Cts.	Dols.	Cts.
Civil list, viz.:					
Compensation of President of United States		24,000	00		
Do. of Vice-President		5,000	00		
Judiciary Department		60,454	16		
Legislative do. (*a*)		209,602	19		
Public offices, viz.:					
Treasury Department	61,779 48				
Department of State	9,776 82				
War Department	13,479 18				
Commissioners to settle accounts of the several States	160 08				
Commissioners of loans	36,110 72				
		121,306	28		
Carried forward		420,362	63		

No. X.—*Continued.*

Expenditures of 1794, continued.		*Dols. Cts.*	*Dols. Cts.*
Brought forward		420,362 63	
Civil list, continued, viz.:			
Government of the Territories, viz.:			
North-West Territory .	6,486 84		
South-West do. .	5,150 00		
		11,636 84	
			431,999 47
Pensions, Annuities, and Grants, viz.:			
Pensions due to military invalids . .		81,399 24	
Annuities and grants to sundry persons .		6,417 72	
Grant to indemnify General Greene's estate (*c*)		27,504 15	
			115,321 11
Military establishment, viz.:			
Moneys advanced to the Treasurer . . .	930,661 93		
Quartermaster-General .	232,100 00		
Contractors for supply of the army	360,026 00		
Clothing of the army .	109,597 31		
Distilled spirits purchased for do.	13,033 33		
Supplies in Georgia, South-West Territory, &c. .	217,637 24		
Supplies by agent in Philadelphia	320,000 00		
		2,183,055 81	
Moneys advanced to the quartermaster-general of the militia employed to suppress the Western insurrection and for supplies to the same (*a*)		265,344 90	
Military supplies		148,647 22	
Fortifications of harbors (*a*) . . .		42,049 66	
Naval armament		61,408 97	
			2,700,506 56
Indian Department.		. . .	13,042 46
Intercourse with foreign nations, viz.:			
Moneys advanced for the support of ministers abroad		74,995 00	
Extraordinary expenses		56,408 51	
			131,403 51
Sundries, viz.:			
Mint establishment (*a*)		32,746 33	
Light-houses, &c.		37,496 36	
Relief to the inhabitants of San Domingo .		15,000 00	
Miscellaneous and contingent . . .		19,174 99	
			104,417 68
Interest on the public debt, viz.:			
On domestic loans (*a*)		150,694 44	
On domestic debt . .	2,455,856 60		
Deduct paid to commissioners of sinking fund .	72,840 76		
		2,383,015 84	
Carried forward . . .		2,533,710 28	3,496,690 79

No. X.—*Continued.*

Expenditures of 1794, continued.		*Dols. Cts.*	*Dols. Cts.*
Brought forward		2,533,710 28	3,496,690 79
Interest on the public debt, continued, viz.:			
On foreign debt, viz.:			
On French debt . .	144,292 50		
On Holland do. (the interest on Antwerp debt not paid) . . .	602,271 87		
		746,564 37	
			3,280,274 65
Charges on foreign loan obtained this year (including dollars 62 20 for copies)			54,062 20
Payments in part of the principal of the public debt, viz.:			
On domestic loans, viz.:			
2d instalment of the bank stock loan . . .	200,000 00		
Reimbursement of anticipations . . .	1,100,000 00		
		1,300,000 00	
On foreign debt, viz.:			
2d instalment of the Dutch debt	400,000 00		
On the French debt (paid in America . . .	380,700 31		
		780,708 31	
On the debt due to foreign officers (paid in America)		44,752 35	
Applied to purchases of domestic debt by sinking fund, viz.:			
Moneys arising from foreign insurance . .	100,000 00		
Interest on stock vested in said fund . . .	72,840 76		
		172,840 76	
Unfunded debts incurred under the late government (*b*)		3,855 86	
			2,302,149 28
Losses on sundries, viz.:			
On balance of account between Amsterdam and Antwerp . . .	197 49½		
On guilders 1,990,000 remitted to Holland from America cost dollars 818,778 32, and at 40 cents are 796,000 00 .	22,778 32		
		22,975 81½	
Deduct profits on guilders 1,496,885 drawn to America from Holland sold for dollars 607,950-72, and at 40 cents were dollars 598,754		9,196 78	
			13,779 03½
Balance to be accounted for next year, viz.:			
In Treasury of America		1,151,924 17	
(*f*) In hands of commissioners in Holland guilders 939,463 5 4 . . .		375,785 30½	
			1,527,709 47½
			10,674,665 43

No. X.—*Continued.*

Receipts of 1795.		*Dols.*	*Cts.*	*Dols.*	*Cts.*
Balance from last year, viz.:					
Cash in Treasury and Holland as per above		1,527,709	47½		
Repayment moneys advanced in 1794, viz.:					
To civil list for legislative department (*a*)	7,528 93				
To military establishment (*a*)	11,336 60				
		18,865	53		
Balances paid on accounts which originated under the late government				1,546,575	00½
				5,317	96
Revenues, viz.:					
Duties on imports and tonnage (deducting drawbacks for domestic spirits exported)		5,588,961	26		
Internal duties (including drawbacks for domestic distilled spirits exported)		337,255	36		
Duties on postage of letters		22,400	00		
Dividend on bank shares (*a*)		160,000	00		
				6,108,616	62
Incidental, viz.:					
Fees on letters patent		600	00		
Interest till 30th September, 1795, on 660,000 dollars in six per cent. stock purchased from the Bank of United States and remitted to Holland	27,300 00				
Deduct loss upon the said stock, which cost, including 22,500 dollars interest repaid to the bank, dollars 682,873.-33, and supposing the same to have sold at par in Holland, is a loss of	22,873 33				
		4,426	67		
Interest till 30th June, 1795, on 800,000 dollars, six per cent. stock, obtained as a loan from the Bank of the United States, having been rated at par and being the loan here below mentioned		24,000	00		
Profits on guilders 240,449 8 drawn to America from Holland, sold for dollars 96,424 00, and at 40 cents were dollars 96,179 76		244	24		
				29,270	91
Loans, viz.:					
Domestic loan obtained from the Bank of the United States, in six per cent. stock at par, in order to defray certain expenditures relative to intercourse with foreign nations		800,000	00		
Other domestic loans in anticipation of revenue		2,500,000	00		
				3,300,000	00
				10,989,780	50½

No. X.—*Continued.*

Expenditures of 1795.		*Dols.* *Cts.*	*Dols.* *Cts.*
Civil list			359,762 29
Pensions to military invalids			68,673 22
Annuities and grants to sundry persons			2,970 20
Army, militia, military supplies, Indian Department			2,433,837 28
Fortifications of harbors			81,885 13
Naval armament			410,562 03
Diplomatic Department			15,005 00
Extraordinary expenses of the intercourse with foreign nations			897,680 12
Mint establishment			22,400 00
Light-houses, &c.			29,861 30
Miscellaneous and contingent expenses			46,825 41
Interest on public debt, viz.:			
On domestic loans (*a*)		243,099 99	
On domestic debt	2,727,959 07		
Deduct paid to sinking fund	534,927 91		
		2,193,031 16	
On foreign debt, viz.:			
On French debt	152,413 38		
On Dutch debt (including that on Antwerp debt for 1794)	617,110 00		
		769,523 38	
			3,205,654 53
Charges on public debt, viz.:			
Premium on the old guilder 2,000,000 loan due this year		48,000 00	
Commissions on the payment of the instalment and premium		4,480 00	
			52,480 00
Payments in part of the principal of the public debt, viz.:			
Third instalment of bank stock loan		200,000 00	
Reimbursement of anticipations		1,400,000 00	
Third instalment of the Dutch debt		400,000 00	
On French debt (paid in America)		301,352 66	
On the debt due to foreign officers		11,883 68	
On the domestic debt by the sinking fund, viz.:			
Interest on stock vested in said fund to April, 1795	18,955 19		
Two per cent. paid on 6 per cent. stock	515,972 72		
		534,927 91	
Unfunded debts incurred under the late government (*b*)		61 59	
			2,848,225 84
Balance to be accounted for next year, viz.:			
In Treasury of America		516,442 61	
(*b*) Deduct estimated deficient in Holland guilders 6,211 2 12		2,484 45	
			513,958 15½
			10,989,780 50½

NOTES TO STATEMENT No. X.

(*a*) This statement differs from the general statement marked (A) in three particulars, viz.:

1st. The repayments of moneys are not set down amongst the receipts of the statement (A), but are deducted from the expenditures of the proper department.

2d. The cents and half cents coined at the mint are not set down amongst the receipts of the statement (A), but deducted from the expenditures relative to that establishment.

3d. In this statement the whole amount of dividends received upon the bank stock, and the whole amount of interest paid upon the bank stock loans, are set down; but in the statement (A) the excess only of the dividends beyond the interest paid on that loan is set down amongst the receipts.

The general and final balance of the statement (A) is right; but, on account of this mode being adopted (in order to show the actual receipts and expenditures), the balance at the end of each year would be different in the two statements.

(*b*) As the unfunded debts incurred under the late government and paid in specie are not always distinguished in the official statements from the other miscellaneous expenses, it is possible that some of the items belonging to those two heads are not properly arranged in this statement. This applies especially to the accounts of the year 1795; but on the whole no great difference can result from any mistakes on that head. Perhaps, also, a part of the sums set under this head as old debts paid consisted of interest accrued since the year 1789, and should have been charged to that head.

(*c*) As the accounts of moneys paid and received in Holland are blended together for the years 1789, 1790, 1791, 1792, and 1793, in the yearly official statements, the balances of moneys remaining in the hands of the commissioners in Holland at the end of the years 1791 and 1792 may not be quite accurate; they are partly abstracted and partly deduced from other occasional public statements. As the balance at the end of 1793 agrees with that of the official statements, no real difference can result from any mistake there.

(*d*) The whole of the arrears of interest on the debt due to foreign officers is here stated as paid. It is, however, probable that a part is still due, but that a larger amount of the principal has been discharged than is stated. But this cannot alter the balance which remains unpaid. The payments of principal are not distinguished in the official statements from those of interest upon this debt.

(*e*) Although this grant was made on account of a transaction which took place under the late government, it was not a debt of that government. The moneys for which General Greene was security had been actually paid by Congress to the persons to whom government was indebted, but was not applied by these persons to discharge that debt contracted by them for which the general had become security.

(*f*) This balance in the hands of the commissioners in Holland is stated in the official statements at guilders 730,373 17 4, being guilders 209,089 8 less than the balance here stated. The difference arises from a sum of

guilders 1,705,974 8 being stated in the said official statements as drawn by the Secretary of the Treasury, whilst only guilders 1,496,885 are stated here, in conformity to the state of the Treasury in America. The difference is charged here to the accounts of the commissioners for the year 1795.

(*g*) The yearly official statements of receipts and expenditures not being yet published, this statement is abstracted from a partial statement of the Secretary of the Treasury, and from the Treasurer's accounts.

(*h*) This balance is deducted as follows, viz.:

	Guilders.
The balance in the hands of commissioners in Holland at the end of 1794 was	939,463 5 4
The remittances made to Holland during 1795 were:	
Six per cent. stock (supposing the same will sell at par there), dollars 660,000, make	1,650,000 0 0
Sugar and coffee, the amount not stated; but the moneys paid, either for the whole or on account of that shipment in America, were dollars 127,500. What the West India produce or the six per cent. stock will sell for in Holland is not ascertained, but supposing also the sugar and coffee to bring the same money they cost, will make	318,750 0 0
N.B.—Perhaps a larger amount of West India produce was shipped than was paid for, and this would then leave a balance in the hands of the commissioners; but then that surplus was due in America on the 1st of January, 1796, and should so far decrease the balance stated in the Treasury.	
Balance stated as deficient in Holland	6,211 2 12
Guilders	2,914,424 8 0

The payments to be made in Holland during 1795 are:	*Guilders.*
Bills drawn by the Secretary of the Treasury amounted altogether, for 1794 and 1795, to guilders 1,737,334 8, of which 1,496,885 are accounted for in 1794, leaving .	240,449 8 0
The payments to be made in Holland for one year's interest on the debt, one instalment of the principal, the premium and commissions are stated by the Secretary of the Treasury at guilders 2,580,802 10, to which adding one year's interest, with commission on the Antwerp debt, not paid for 1794, and equal to guilders 93,172 10	2,673,975 0 0
Guilders	2,914,424 8 0

N.B.—This supposes the interest, which fell due on the 1st of January, 1796, in Holland, to be paid, it being interest of the year 1795.

(*i*) These 4000 dollars paid on account to General La Fayette are charged both here and in the general view of expenditures marked (A) to the account of payments made to foreign officers, but in the statement of debts marked (B) they are placed under the head of "Unfunded debts paid in specie."

No. XI.

A View of the Sinking Fund to April, 1795.

Years.	Purchases.							
	Moneys Expended.				Stock Purchased.			
	Surplus of the Revenue of 1790.	Foreign Loans.	Interest Fund.	Total.	Six per Cent.	Deferred.	Three per Cent.	Total.
	Dols. Cts.	*Dols. Cts.*	*Dols. Cts.*	*Dols. Cts.*				
1790–1791 . .	699,922 47		5 51	699,927 98	311,123 44	510,619 76	309,621 56	1,131,364 76
1792	257,786 42		25,969 96	283,756 38	127,828 13	159,881 91	91,454 50	379,164 54
1793		334,901 89	76,842 75	411,744 64	299,060 02	137,280 96	72,324 04	508,665 02
1794	61 76	100,000 00	85,832 91	185,894 67	143,150 83	64,216 89	38,460 53	245,828 25
1795			37,612 37	37,612 37	26,654 22	15,984 92		42,639 14
Total . .	957,770 65	434,901 89	226,263 50	1,618,936 04	907,816 64	887,984 44	511,860 63	2,307,661 71

Present Situation of the Fund.

	Six per Cent.	Deferred.	Three per Cent.	Total.
Purchases per above	907,816 64	887,984 44	511,860 63	2,307,661 71
Debt due to foreign officers considered as paid, and for the amount of which certificates are issued in favor of the fund	186,988 23		22,438 58	209,426 81
Debt paid by the State of Pennsylvania for a tract of land on Lake Erie containing 202,187 acres, purchased by Pennsylvania from the United States, under the late government, at 75 cents per acre . .	59,544 85	29,772 43	62,322 97	151,640 25
Sundry debts redeemed, but not explained in the official statements, supposed to arise from old debts recovered or commutation returned .	12,814 86	11,463 27	10,475 09	34,753 22
Whole amount of stock vested in sinking fund	1,167,164 58	929,220 14	607,097 27	2,703,481 99

No. XII.

Receipts and Expenditures of the Domestic Fund.

To the 31st December, 1791.

		Dols. Cts.	Dols. Cts.
Receipts, viz.:			
Balances of old accounts			11,001 11
Revenues			4,399,472 99
Incidental			5,247 11
Domestic loans			246,608 81
Expenditures, viz.:			4,662,330 02
Civil list, pensions and grants, military establishment, intercourse with foreign nations, sundries		1,621,109 58	
Interest on public debt, viz.:			
In part of Dutch debt for 1790	40,000 00		
On domestic loans	2,598 12		
On public debt for 1791	1,656,895 28		
		1,699,493 40	
Reduction of public debt, viz.:			
Sinking fund	699,984 23		
Unfunded debts	298,479 94		
Domestic loans	246,608 81		
		1,245,072 98	
Balance in favor of the fund		96,654 06	
		4,662,330 02	

For the year 1792.

		Dols. Cts.	Dols. Cts.
Receipts, viz.:			
Balance from last year			96,654 06
Overcharged in Treasurer's accounts			10
Balances of old accounts			4,702 82
Revenues			3,692,013 66
Incidental			6,662 38
Domestic loans			2,556,595 56
Balance deficient			856,308 26
Expenditures, viz.:			7,212,936 84
Civil list, pensions, and grants, military establishment, intercourse with foreign nations, sundries		1,743,330 22	
Interest on public debt (that to foreign officers excepted)		3,014,380 90	
Reduction of public debt, viz.:			
Sinking fund	318,347 88		
Unfunded debts	136,877 84		
		455,225 72	
Subscription to the bank stock		2,000,000 00	
		7,212,936 84	

From 1st of January, 1793, to 1st January, 1796.

	Dols. Cts.	Dols. Cts.
Receipts, viz.:		
Balances of old accounts		14,460 05
Revenues		16,127,282 78
Incidental and repayments		68,513 30
Domestic loans		7,300,000 00
Carried forward		23,510,256 13

No. XII.—*Continued.*

Years 1793–1796, continued.		*Dols.*	*Cts.*	*Dols.*	*Cts.*
Receipts, brought forward				23,510,256	13
Expenditures, viz.:					
Balance deficient from last year		856,308	26		
Civil list, pensions, and grants, military establishment, intercourse with foreign nations, sundries		9,554,102	74		
Interest on public debt		9,334,434	59		
Reduction of public debt, viz.:					
Domestic loans	3,056,595 56				
Unfunded debts	11,037 74				
Sinking fund	165,702 04				
Two per cent. on six per cent. stock	515,972 72				
		3,749,308	06		
Balance in favor of fund on 1st January, 1796		16,102	48		
		23,510,256	13		

No. XIII.

Receipts and Expenditures of the Foreign Fund.

To 31st December, 1791.		*Dols.*	*Cts.*	*Dols.*	*Cts.*
Receipts, viz.:					
Balance in Holland				132,475	31
Arms and ammunition sold to France				8,962	00
Foreign loans				5,420,000	00
Profits on bills of exchange				233,724	96
Expenditures, viz.:					
Interest on foreign debt for 1790		391,144	04		
Charges on foreign debt		258,800	00		
Paid in part of the French debt		2,238,527	83		
Balance in favor of the fund, viz.:					
In Holland	2,028,580 98				
In Treasury of America	878,109 42				
		2,906,690	40		
		5,795,162	27	5,795,162	27

For the year 1792.		*Dols.*	*Cts.*	*Dols.*	*Cts.*
Receipts, viz.:					
Balance from last year				2,906,690	40
Foreign loans				2,380,000	00
Profits on bills of exchange				134,210	90
Expenditures, viz.:					
Charges on foreign debt		125,000	00		
Paid in part of the French debt		1,777,554	42		
Do. do. of the debt due to foreign officers, including interest		64,354	79		
Balance in favor of the fund, viz.:					
In Holland	1,814,239 32				
In Treasury of America	783,444 51				
Applied to domestic expenses	856,308 26				
		3,453,992	09		
		5,420,901	30	5,420,901	30

No. XIII.—*Continued.*

From the 1st of January, 1793, to the 1st of January, 1796.

		Dols. Cts.	Dols. Cts.
Receipts, viz.:			
Balance from last year			3,453,992 09
Foreign loans			1,600,000 00
Profits on bills of exchange, &c.			58,593 02
Expenditures, viz.:			
Interest on Spanish debt for 1790		8,700 55	
Charges on foreign debt		164,490 48	
Payments on the French debt		1,854,318 06	
Do. on the Dutch debt		1,200,000 00	
Do. on the Spanish debt		241,681 95	
Do. on the debt due to foreign officers		95,636 50	
Do. on the bank stock loan		600,000 00	
Do. to the sinking fund		434,901 89	
Relief of the inhabitants of St. Domingo		15,000 00	
Balance in favor of the fund, viz.:			
In Treasury of America	500,348 13		
Deduct deficient in Holland	2,484 45		
		497,855 68	
		5,112,585 11	5,112,585 11

No. XIV.

Estimate of the Receipts and Expenditures for 1796.

	Dols. Cts.	Dols. Cts.
Receipts, viz.:		
Duties on imports and tonnage		5,770,000 00
Internal duties		350,000 00
Duties on postage		30,000 00
Dividends on bank stock		160,000 00
Interest on stock vested in sinking fund		88,242 79
Moneys to be raised by 5 million loan		5,000,000 00
Deficient, to be provided by anticipation		671,069 24
Expenditures as per appropriations, viz.:		
Civil list, including deficiencies of 1795	506,871 12	
Annuities to sundry persons	3,157 73	
Grant to indem. General Greene's estate	55,000 00	
Military pensions	114,259 00	
Army and fortifications	1,171,790 84	
Naval armament	301,917 82	
Indian Department	71,000 00	
Intercourse with foreign nations (including treaties)	512,672 06	
Light-houses	32,000 00	
Carried forward	2,768,668 57	12,069,312 03

No. XIV.—*Continued.*

Estimates of the Receipts and Expenditures for 1796, continued.

Expenditures as per appropriations, continued, viz.:		Dols. Cts.	Dols. Cts.
Brought forward		2,768,668 57	12,069,312 03
Mint establishment, including deficiencies of 1795		61,864 00	
Establishment of trading-houses with Indians		150,000 00	
Miscellaneous and contingent expenses		36,672 09	
Interest and charges on public debt, viz.:			
On foreign debt	563,641 00		
On domestic debt, including annuity on 6 per cent. stock	3,018,232 03		
Two per cent. on balance due to several States for 1795	46,901 12		
Interest on unfunded debt	51,333 22		
On domestic loans and anticipations	372,000 00		
		4,052,107 37	
Payment of public debt, provided for by the five million loan, viz.:			
Anticipations	3,800,000 00		
Two instalments on bank stock loan	400,000 00		
First instalment of 800,000 dollars loan	200,000 00		
Due to Bank of New York	200,000 00		
Fourth instalment on Dutch debt	400,000 00		
		5,000,000 00	
		12,069,312 03	12,069,312 03

No. XV.

Statement relative to the assumption of the State Debts.

States.	Federal number of inhabitants of the several States.	Sums assumed by the Union in State debts of the respective States.	Balances found for and against the several States by the commissioners appointed to settle the accounts.		Proportion of each State of the aggregate of the balances due to certain States and funded in their favor by the Union.	Balances now due to and from the several States by reason of the balances found due to certain States by the commissioners having been funded.		Proportion of each State of the aggregate sum assumed by the Union in State debts.	Balances which would have been found due to and from the several States by the commissioners had no assumption of State debts taken place before the settlement of accounts.		Sums in State debts, which, had no assumption taken place before the settlement of accounts, it would have been necessary to assume in order to render the aggregate of the ultimate balances due to and from the several States equal to the aggregate of the balances now due to and from the several States.	Proportion of each State of the aggregate sum which it would have been necessary to assume per the preceding column.	Ultimate balances which would have been due to and from the several States had no assumption taken place before the settlement of accounts, but had the sums mentioned in the last column but one been respectively assumed for certain States after the settlement of accounts.		Sums to be respectively deducted from the sums originally assumed for each State; supposing the interest accrued during 1790 and 1791 upon the State debts assumed for the said States had not been charged to the said States in the settlement of the accounts of the States.	Proportion of each State in the aggregate of the sums to be deducted from the original assumption, according to the supposition of the preceding column.	Balances which would have been found for and against the several States, supposing the interest accrued during 1790 and 1791 upon the State debts originally assumed for the said States had not been charged to the said States in the settlement of accounts.	
	Numbers.		In favor of States.	Against States.		Due to	Due by		In favor of	Against			Due to	Due by				
	Tenths.	*Dols. Cts.*	*Dols.*	*Dols.*	*Dols. Cts.*	*Dols. Cts.*	*Dols. Cts.*	*Dols. Cts.*	*Dols. Cts.*	*Dols. Cts.*	*Dols. Cts.*	*Dols. Cts.*	*Dols. Cts.*	*Dols. Cts.*	*Dols. Cts.*	*Dols. Cts.*	*Dols. Cts.*	*Dols. Cts.*
New Hampshire. . . .	141,821 8	282,595 51	75,055		141,307 34	141,307 34		734,008 85		376,358 34		466,363 75	90,005 41		28,259 55	73,400 89	29,913 66	
Massachusetts	475,327 0	3,981,733 05	1,248,801		473,602 76	473,602 76		2,460,088 81	2,770,445 24		3,843,573 74	1,563,055 06	489,926 56		398,173 31	246,008 88	1,400,965 43	
Rhode Island	68,445 8	200,000 00	299,611		68,197 51	68,197 51		354,246 12	145,364 88		299,892 47	225,075 69	70,548 10		20,000 00	35,424 61	284,186 39	
Connecticut	236,840 4	1,600,000 00	619,121		235,981 27	235,981 27		1,225,784 39	993,336 61		1,528,042 58	778,820 87	244,114 90		160,000 00	122,578 44	656,542 56	
New York	331,590 4	1,183,716 69		2,074,846	330,387 56		1,744,458 44	1,716,169 78		2,607,299 09		1,090,394 72		1,516,904 37	118,371 67	171,616 98		2,128,091 31
New Jersey	179,569 8	695,202 70	49,030		178,918 42	178,918 42		929,376 32		185,143 63	220,264 60	590,493 46	185,085 24		69,520 27	92,937 63	25,612 64	
Pennsylvania	432,878 2	777,983 48		76,709	431,307 95	354,598 95		2,240,392 02		1,539,117 54		1,423,467 35		115,650 19	77,798 35	224,039 20		222,949 85
Delaware	55,539 2	59,161 65		612,428	55,337 73		557,090 27	287,447 09		840,712 44		182,633 91		658,078 53	5,916 26	28,744 71		635,256 45
Maryland	278,513 6	517,491 08		151,640	277,503 30	125,863 30		1,441,467 01		1,075,615 93		915,858 12		159,757 81	51,749 11	144,146 70		244,037 59
Virginia and Kentucky .	699,264 2	2,934,416 00		100,879	696,727 64	595,848 64		3,619,091 77		785,554 77	793,148 61	2,299,445 32	720,741 94		293,441 60	361,909 18		169,346 58
North Carolina	353,522 2	1,793,803 85		501,082	352,239 81		148,842 19	1,829,679 38		536,957 53	261,176 69	1,162,514 78	364,380 56		179,380 39	182,967 94		504,669 55
South Carolina	206,235 4	3,999,651 73	1,205,978		205,487 29	205,487 29		1,067,386 03	4,138,243 70		4,603,853 86	678,180 04	212,569 88		399,965 17	106,738 60	1,499,294 57	
Georgia	70,842 4	246,030 73	19,988		70,585 42	70,585 42		366,649 90		100,631 17	59,307 14	232,956 62	73,018 31		24,603 07	36,664 99	7,926 08	
Total	3,530,390 4	18,271,787 47	3,517,584	3,517,584	3,517,584 00	2,450,390 90	2,450,390 90	18,271,787 47	8,047,390 43	8,047,390 43	11,609,259 69	11,609,259 69	2,450,390 90	2,450,390 90	1,827,178 75	1,827,178 75	3,904,351 33	3,904,351 33

Example.

Pennsylvania has been found a debtor State for . . . . . *Dols.* 76,709 00
Which sum subtracted from the sum she must pay as her proportion of the aggregate of the balances funded by the Union in favor of certain States, viz. 431,307 95
Leaves a balance now due to Pennsylvania of 354,598 95

Pennsylvania, by the settlement of accounts by the commissioners, has been credited for her proportion of the aggregate of the assumption, viz. 2,240,392 02
And has been charged with the amount assumed for her, viz. 777,983 48
She has, therefore, been credited with the difference, viz. 1,462,408 54
Which credit would not have existed had not the assumption taken place, and added, therefore, to the balance found due against her, viz. 76,709 00
Gives the balance which would have appeared against that State had no assumption taken place, viz. 1,539,117 54

Had no assumption taken place before the settlement of accounts, a balance would have been found against Pennsylvania of 1,539,117 54
Had then an assumption of dollars 11,609,259 69 taken place for the States, and in the proportions of this statement, nothing being assumed for Pennsylvania, the above stated balance subtracted from the sum she must pay as her proportion of the dollars 11,609,259 69 thus assumed, viz. 1,423,467 35
Would have left an ultimate balance due by that State of 115,650 19

No. XVI.

Statement of the Debt due to France and of its extinction.

The United States Dr. to France.				*Livres.*		*Livres.*	*Dols. Cts.*
To debt due on the 31st of December, 1789, viz.:							
Loan of 18,000,000 livres bearing an interest of 5 per cent. from the 3d September, 1783, payable in 12 equal annual payments, the first of which became due on the 3d September, 1787				18,000,000			
Loan of 6,000,000 livres bearing an interest of 5 per cent. from the 1st of January, 1784, payable in 6 equal annual payments, the first of which became due on the 1st January, 1797				6,000,000			
Loan of 10,000,000 livres bearing an interest of 4 per cent. from the 5th of November, 1781, payable in ten equal annual payments, the first of which became due on the 1st of November, 1787				10,000,000			
Balance of an account for supplies furnished				134,065	7 6		
						34,134,065	7 6
Debt due to the farmers-general of France upon a contract made the 3d of June, 1777				1,000,000	0 0		
Deduct, viz.:							
Remittance by the late government			153,229	5 7			
Supplies furnished during the late war to the marine of France, under the agency of John Walker, consul-general			448,471	14 8			
				601,701	0 3		
						398,298	19 9
Total principal						34,532,364	7 3
Interest which fell due before the year 1790 on the above livres 34,134,065 7 6			10,441,895	8 7			
Deduct remittances by the late government			1,600,000	0 0			
				8,841,895	8 7		
Interest which fell due before the year 1790 on the above 398,298 19 9				126,017	7 6		
Arrears of interest						8,967,912	16 1
Total due on the 31st of December, 1789						43,500,277 3 4 at 18 15-100 cents.	7,895,300 30
To interest which fell due on the above principal sum of 34,134,065 7 6 after the year 1789, viz., during the year	1790		1,606,703	5 4			
	1791		1,622,291	13 4			
	1792		1,284,361	2 2			
	1793		912,486	2 2			
	1794		795,000	0 0			
	1795		760,083	6 7			
						6,980,925	9 7
To interest on the above principal sum of 398,298 19 9 from the 1st of January, 1790, to the 1st of January, 1794						79,659	16 0
To interest which fell due after the year 1789						7,060,585	5 7
						1,281,496	20
					Livres	50,560,862	8 11
						Dollars	9,176,796 50

No. XVI.—*Continued.*

The United States in account with France, Cr.

			Livres.	*Dols. Cts.*
By payments in Europe, viz.:				
1790. 1791. Bills exchange remitted to France from Amsterdam . . .	6,463,793 8			
1792. Do. from Amsterdam and Antwerp . . .	3,616,625 13			
Guilders	10,080,419 1	produced	24,193,005 14 4	
Which 10,080,419 1 guilders, at 40 cents, are . . . . . *dols.*				4,032,167 62
By profits and losses on the above remittances, viz.:				
The above liv. 24,193,005 14 4, at 18 15-100 cents, are . . *dols.*		4,391,030 53		
And cost, as per above, only . .		4,032,167 62		
Difference gained				358,862 91
By payments in America, viz.:				
1791. By the Department of War for arms, ammunition, &c., delivered . *dols.*		8,962 00		
1792. By the Treasury of the United States *dols.*	435,263 83			
1793. By ditto	1,337,881 32			
1794. By ditto	524,992 81			
1795. By ditto	453,766 04			
		2,751,904 00		
				2,760,866 00
Which dollars 2,760,866, at 18 15-100 cents, are . .			15,211,382 18 0	
By certificates of funded domestic debt issued in favor of Jas. Swan, agent of the French government, viz.:				
1795. By stock bearing interest at 5½ per cent. from 1st January, 1796 *dols.*		1,848,900 00		
By stock bearing interest at 4½ per cent. from 1st January, 1796 . .		176,000 00		
				2,024,900 00
Which dollars 2,024,900 at 18 15-100 cents, are .			11,156,473 16 7	
		Livres	50,560,862 8 11	9,176,796 53

No. XVII.

Statement of the Dutch Debt after 1796, *showing the yearly payments due thereon.*

Years.	Instalments which cannot be paid before the years on which they fall due.		Instalments which may be paid before the years on which they fall due.		Premiums and Gratifications.	Commissions.	Total.
	At 5 per ct. int.	At 4 per ct. int.	At 5 per ct. int.	4½ per ct. int.			
	Dols.	*Dols.*	*Dols.*	*Dols.*	*Dols.*	*Dols.*	*Dols.*
1797	400,000				80,000	4,800	484,800
1798	80,000					800	80,800
1799	160,000					1,600	161,600
1800	160,000		240,000			4,000	404,000
1801	160,000	100,000	240,000		4,000	5,040	509,040
1802	160,000	100,000	920,000	240,000	5,000	14,250	1,439,250
1803	480,000	580,000	920,000	240,000	6,000	22,260	2,248,260
1804		580,000	920,000	240,000	7,000	17,470	1,764,470
1805	240,000	580,000	680,000	100,000	8,000	16,080	1,624,080
1806	240,000	560,000	680,000		9,000	14,890	1,503,890
1807	240,000	680,000			20,000	9,400	949,400
1808	240,000					2,400	242,400
1809	240,000					2,400	242,400
Total	2,800,000	3,180,000	4,600,000	820,000	139,000	115,390	11,654,390

NOTE.—The principal of the debt (exclusively of the premiums, gratifications, and commissions) due after 1796 is 11,400,000 dollars, to which adding the instalment of 400,000 dollars, payable in 1796, makes the whole principal due on the 1st January, 1796, dollars 11,800,000.

FINIS.

(A.)

A General View of the Receipts and Expenditures of the United States, from the Establishment of the Present Government, in 1789, *to the* 1st *of January,* 1796.

RECEIPTS.

	Years.						
	1789 to 1791.	1792.	1793.	1794.	1795.		
Balances of Accounts which originated under the late Government, viz.:	*Dols. Cts.*	*Dols. Cts.*	*Dols. Cts.*	*Dols. Cts.*	*Dols. Cts.*	*Dols. Cts.*	*Dols. Cts.*
Cash in hands of commissioners in Holland	132,475 31					132,475 31	
Other balances paid at different periods	11,001 11	4,702 82	8,448 58	693 50	5,317 97	30,163 98	
							162,639 29
Revenues, viz.:							
Duties on imports and tonnage	4,399,472 99	3,579,499 06½	4,344,358 26	4,843,707 25	5,588,961 26	22,755,998 82½	
Internal duties		72,514 59½	248,654 00	231,447 65	337,255 36	889,871 60½	
Postage of letters			11,020 51	29,478 49	22,400 00	62,899 00	
Excess of dividends on bank stock over interest payable on bank stock loan		8,028 00	38,500 00	55,500 00	66,233 34	168,261 34	
							23,877,030 77
Incidental, viz.:							
Fines and forfeitures for crimes	311 00	118 00				429 00	
Fees on patents			660 00	570 00	600 00	1,830 00	
Sales of arms	8,962 00	4,240 00				13,202 00	
Profits on remittances, &c.	238,661 7	134,210 90	67,701 14½		28,670 91	469,244 02½	
Mistake in Treasurer's accounts		10				10	
							484,705 12½
Loans, viz.:							
Foreign loans in Amsterdam and Antwerp	5,420,000 00	2,380,000 00	400,000 00	1,200,000 00		9,400,000 00	
Domestic do. obtained in anticipation of revenues	246,608 81	556,595 56	600,000 00	3,200,000 00	2,500,000 00	7,103,204 37	
Other domestic loans		2,000,000 00		200,000 00	800,000 00	3,000,000 00	
							19,503,204 37
Total of Receipts for each Year	10,457,492 29	8,739,909 4	5,719,342 49½	9,761,396 89	9,349,438 84		44,027,579 55½

EXPENDITURES.

	Years.						
	1789 to 1791.	1792.	1793.	1794.	1795.		
	Dols. Cts.	*Dols. Cts.*	*Dols. Cts.*	*Dols. Cts.*	*Dols. Cts.*	*Dols. Cts.*	*Dols. Cts.*
Civil List	706,720 29	368,319 86	334,263 29	431,999 47	352,233 36		2,193,536 27
Pensions, Annuities, and Grants, viz.:							
Pensions to military invalids	175,813 88	109,243 15	80,087 81	81,399 24	68,673 22	515,217 30	
Annuities and grants	13,102 96	5,597 72	5,329 51	33,921 87	2,970 20	60,922 26	
							576,139 56
Military Establishment, viz.:							
Army and militia, magazines, &c.	630,499 65	1,092,920 96	1,130,249 08	2,597,047 93	2,442,612 31	7,941,361 30	
Indian Department	127,000 00	13,648 85	14,340 06	13,042 46			
Fortifications				42,049 66	81,773 50	123,823 16	
Naval armament				61,408 97	410,562 03	471,971 00	
							8,537,155 46
Intercourse with Foreign Nations, viz.:							
Diplomatic Department	1,733 33	78,766 67	89,500 00	74,995 00	15,005 00	260,000 00	
Extraordinary expenses	13,000 00			56,408 51	897,680 12	967,088 63	
							1,227,088 63
Sundries, viz.:							
Light-houses and navigation	22,591 94	38,976 36	12,061 68	37,496 36	29,861 30	140,987 64	
Mint establishment		7,000 00	17,366 49	23,153 12	22,400 00	69,919 61	
Contingent and miscellaneous	28,343 15	28,856 65	5,527 49	34,174 99	46,825 41	143,727 09	
							354,634 94
Interest and Charges on Public Debt, viz.:							
Interest on foreign debt	947,862 12	669,359 08	719,252 88	746,564 37	769,523 38	3,852,561 83	
Do. on domestic debt	1,140,177 20	2,313,049 82	2,005,199 67	2,383,015 84	2,193,031 16	10,034,473 69	
Do. on debt due to foreign officers		33,657 87				33,657 87	
Do. on domestic loans	2,598 12		18,753 41	48,694 44	149,333 33	219,379 30	
Commissions and brokerage in Holland	222,800 00	125,000 00	17,948 28	54,062 20	4,480 00	424,290 48	
Premiums paid on the old Dutch loan	36,000 00		40,000 00		48,000 00	124,000 00	
							14,688,363 17
Principal of the Public Debt, including Arrears of Interest to 31st December, 1789, *viz.:*							
Payments on the French debt	2,238,527 83	1,777,554 42	1,172,265 09	380,700 31	301,352 66	5,870,400 31	
Do. on the debt due in Holland			400,000 00	400,000 00	400,000 00	1,200,000 00	
Do. on the Spanish debt			241,681 95			241,681 95	
Applied to purchases of the domestic debt	699,984 23	318,347 88	408,807 98	172,840 76	18,955 19	1,618,936 4	
Payment of two per cent. on six per cent. stock					515,972 72	515,972 72	
Payments on debt due to foreign officers		30,696 92	39,000 47	44,752 35	11,883 68	126,333 42	
Reimbursement of anticipations	246,608 81		556,595 56	1,100,000 00	1,400,000 00	3,303,204 37	
Do. of other domestic loans			200,000 00	200,000 00	200,000 00	600,000 00	
Unfunded debts paid in specie	298,479 94	136,877 84	7,120 29	3,855 86	61 59	446,395 52	
							13,922,924 33
Subscription to the Bank Stock of the United States		2,000,000 00					2,000,000 00
Losses on remittances				13,779 03½			13,779 03½
Total of Expenditures for each Year	7,451,843 45	9,147,874 05	7,515,350 99	9,035,362 74½	10,363,190 16		43,513,621 39½
Balance in cash on 1st January, 1796							513,958 15½
							44,027,579 55

	Dols. Cts.
Balances of accounts which originated under the late government, as per Receipts	162,639 29
Loans effected during the above period	19,503,204 37
	19,665,843 66

	Dols. Cts.
Principal of public debt paid during the above period	13,922,924 33
Subscription to the bank stock of the United States	2,000,000 00
Balance in cash on 1st January, 1796	513,958 15
Excess of Expenditures beyond the Revenues received	3,228,961 18
	19,665,843 66

(B.)

A View of the Public Debt on the first days of January, 1790 and 1796, respectively.

STATEMENT OF THE PUBLIC DEBT ON THE FIRST DAY OF JANUARY, 1796.

				Principal.	Annual Charge.
				Dols. Cts.	Dols. Cts.
Foreign Debt, viz.:					
Loans effected in Holland under the late government, viz.:					
Principal remaining unpaid			2,400,000 00		
Premiums and gratifications amounting to 139,000 dollars, bearing no interest, and worth, discounting the same at 6 per cent. compound interest			104,400 19		
			2,504,400 19		
Loans effected in Amsterdam and Antwerp under the present government			9,400,000 00		
				11,904,400 19	559,641 00
Debt due to Foreign Officers				75,984 52	

	Six per Cent.	Deferred.	Three per Cent.
Domestic Debt, viz.:	Dols. Cts.	Dols. Cts.	Dols. Cts.
Domestic debt (proper) funded has produced	18,844,964 63	9,328,988 57	12,775,832 16
Assumed debt	8,120,830 23	4,060,417 84	6,000,560 07
Balances funded in favor of the creditor States	2,345,656 00	1,172,528 00	703,616 80
Whole amount of funded domestic debt	29,310,856 86	14,561,934 41	10,509,009 63
Unfunded debt, which, if subscribed, will produce	656,540 73	328,270 36	398,026 28
	29,967,397 59	14,890,204 77	19,907,935 91
Deduct, viz.:			
Vested in the sinking fund, either by purchases or otherwise, before the 1st January, 1796	2,703,481 99		
Two per cent. paid on 1st January, 1796, upon that part of the 6 per cent. stock belonging to individuals	515,972 72		
	3,219,454 71	1,683,137 30	620,220 14	607,097 27	
	28,284,260 29	13,960,984 63	10,360,838 64		

				Principal.	Annual Charge.
				Dols. Cts.	Dols. Cts.
The whole domestic debt, funded and unfunded, consisted of					
Six per cent. stock, now converted into an 8 per cent. annuity on the original stock				28,284,260 29	2,304,018 64
Deferred stock, converted into an 8 per cent. annuity from after the year 1800				13,960,984 63	
Three per cent. stock				19,360,838 64	580,825 16
Five and half per cent. stock				1,848,900 00	101,689 50
Four and half per cent. stock				176,000 00	7,920 00
Domestic Loans, viz.:					
Balance due on the loan obtained to pay the subscription to the stock of the Bank of the United States			1,400,000 00		
Loans obtained to defray the extraordinary expenses attending the intercourse with foreign nations			1,000,000 00		
Loans obtained in anticipation of the revenues			3,800,000 00		
				6,200,000 00	372,000 00
Whole amount of the principal and annual charge on public debt on 1st January, 1796				81,811,368 27	3,926,094 30
Annual charge on deferred stock after the year 1800					1,116,878 77
Whole amount of the annual charge on the public debt after the year 1800					5,042,973 07

STATEMENT OF THE PUBLIC DEBT ON THE FIRST DAY OF JANUARY, 1790.

I.

On a supposition that the State debts assumed by the Union, including therein the balances funded in favor of the creditor States, were actually debts due by the United States.

					Dols. Cts.
Foreign Debt, viz.:					
French debt, as per statement No. XVI.				7,895,300 30	
Debt due in Holland, viz.:					
Principal of the loans effected under the late government			3,600,000 00		
Premiums and gratifications on said loans, amounting to 263,000 dollars, bearing no interest, payable at different periods, and worth, discounting the same at the rate of six per cent.			171,175 77		
				3,771,175 77	
Spanish debt, including arrears of interest				241,681 95	
					11,908,158 02
Debt due to Foreign Officers, including interest for the year 1789					193,317 94
Unfunded Debts discharged in specie before the 1st of January, 1790					450,395 52
Domestic Debt proper, viz.:		Dols. Cts.			
Principal		29,158,764 29			
Interest, viz.:					
Interest to 1st January, 1791	13,173,858 44				
Deduct interest accrued during 1790, estimated at	1,680,00000				
		11,493,858 44			

		Six per Cent. Stock.	Deferred Stock.	Three per Cent. Stock.	
Which debt of Dols.	40,652,622 73	Dols. Cts.	Dols. Cts.	Dols. Cts.	Dols. Cts.
Has produced in funded debt	39,269,785 36	18,844,964 63	9,328,088 57	11,095,832 16	
Leaving unfunded on 1st January, 1796	1,382,837 37	656,540 73	328,270 36	398,026 28	
	40,652,622 73	19,501,505 36	9,657,258 93	11,493,858 44	
From which deduct the sums vested in the sinking fund, other than those arising from purchases, the same consisting of the debt due to foreign officers and already stated, and of debts redeemed under the late government, although paid after 1789	395,820 28	259,347 94	41,235 70	95,236 64	
		10,242,157 42	9,616,023 23	11,398,621 80	
Assumed Debt, viz.:					
Sum assumed for the several States, including interest to 31st December, 1791	18,271,814 74				40,256,802 45
Deduct interest accrued during 1790 and 1791, estimated at	1,827,178 75				
	16,444,636 99	7,308,756 78	3,654,378 12	5,481,501 09	
Balances funded in favor of the creditor States	3,517,584 00	2,345,056 00	1,172,528 00		
					19,962,219 99
Total of the Public Debt on 1st January, 1790					72,775,893 92

Whole amount of public debt on 1st January, 1790	Dols. Cts.		Whole amount of debt on 1st January, 1700	81,811,368 27
Deduct, viz.:	72,775,893 92		*Deduct, viz.:*	
Balance in hands of commissioners in Holland on 1st January, 1790	132,475 31		Balance in cash on 1st January, 1796	513,958 15
Old debt paid in specie before 1796	30,163 98		Moneys collected in part of revenue, but not yet passed to the Treasury accounts	600,000 00
	162,639 29		Bank stock belonging to the United States	2,000,000 00
	72,613,254 63			3,113,958 15
Increase of Debt from 1790 *to* 1796	6,084,155 49			78,697,410 12
	78,697,410 12			

II.

On the principle that the State debts were not proper debts of the Union, and that only such an amount of the same had been assumed (after the settlement of the accounts between the several States and the Union) as would have placed the accounts of the United States with the individual States in the same relative situation on which they now stand, by leaving outstanding the same aggregate amount of the balances due either to or from the several States as now remains outstanding.

	Dols. Cts.
Foreign debt, debt due to foreign officers, unfunded debts, and domestic debt proper as per above	52,813,673 03
State debts, or balances in favor of creditor States, which it would have been necessary to assume or fund in order to render the aggregate amount of the ultimate *balances for and against the several States equal to their present amount*	11,600,259 69
	64,422,933 62
Deduct balances arising from accounts which originated under the late government	162,639 29
True amount of debts on 1st January, 1790	64,260,294 33
Increase of debts from 1st January, 1790, to 1st January, 1796	14,437,115 79
Amount of debts on 1st January, 1796, after making the same deduction as in the preceding view for bank stock, cash in Treasury, and moneys actually collected	78,697,410 12

INTRODUCTION

TO THE COLLECTION OF

LAWS, TREATIES, AND OTHER DOCUMENTS

HAVING OPERATION AND RESPECT TO

THE PUBLIC LANDS.

PUBLISHED PURSUANT TO AN ACT OF CONGRESS PASSED
APRIL 27, 1810.

INTRODUCTION.

THIS collection is divided into two parts: the first embraces such public acts as relate to the *title* of the United States to the public lands; the second consists of the Resolutions and Acts of Congress respecting the *disposal* of the lands.

Under the first head are included: 1. Treaties with foreign nations, so far as they relate to the acquisition of territory or to the boundaries of the United States.

2. Cessions of territory to the United States by individual States, members of the Union, and Acts of Congress relative thereto.

3. Treaties with Indian tribes, so far as they relate to the extinguishment of the Indian title to the public lands.

The treaties with foreign nations, by which territory has been acquired or which relate to boundaries, are those of 1783 and 1794 with Great Britain, of 1795 with Spain, and of 1803 with France.

The treaty of peace (of 1783) with Great Britain, which designated the boundaries of the United States, left, however, some unsettled points. The question relative to the true river St. Croix, the eastern boundary of the United States, has been determined in pursuance of the treaty of 1794. That respecting the rights of the two nations over certain islands at or near the mouth of that river has not yet been adjusted. But as the disputed territory in both cases belongs to the State of Massachusetts, neither of those questions affects the public lands of the United States. The same observation applies to certain islands in the river St. Lawrence, which continued to be claimed by Great Britain, and which are presumed to belong to the State of New York. The claims of the two nations to some other islands in the lakes and rivers west of that State have not yet been

adjusted. But the principal undecided question arising from that treaty relates to that part of the boundary therein described as a line drawn due west from the most north-western point of the Lake of the Woods to the river Mississippi. It is ascertained that a line drawn in that manner cannot intersect that river, which does not extend as far northward as the latitude of the north-western extremity of the Lake of the Woods. And nothing more was agreed on in that respect by the treaty of 1794 than a mutual engagement to make a survey of the country, and to regulate by negotiation the boundary-line according to justice, mutual convenience, and the intent of the treaty of 1783.

The southern boundary of the United States was, by the same treaty, fixed at the 31st degree of north latitude. But Great Britain, having, by her treaty of the same date with Spain, ceded to that power West Florida, which under the British government extended as far north as the Yasous River, Spain, then in possession of the country between that river and the 31st degree of north latitude, refused at first to deliver it. Yet the title of the United States was indisputable; for their provisional treaty with Great Britain, a public instrument, signed on the 30th of November, 1782, and which was to take effect as soon as peace should be made between Great Britain and France, had already established the 31st degree of latitude as the southern boundary of the said States. Spain, therefore, when receiving Florida from Great Britain, a cession which cannot bear an earlier date than the 20th of January, 1783, the day on which the preliminary articles of her treaty of peace were signed, accepted that province with the boundary thus previously established; the territory lying north of the 31st degree, which might, prior to the 30th November, 1782, have made part of West Florida, having on that day, with the knowledge of Spain, been ceded by Great Britain to the United States. Spain did accordingly acquiesce, after a delay of some years. She made no cession of territory by the treaty of 1795, which simply, and without reserve or exception, recognizes the same boundaries which had been fixed by the treaty of 1783 between the United States and Great Britain.

The United States, by the treaty of 1803 with France, acquired Louisiana without any direct definition of its boundaries,

but as fully and in the same manner as it had been acquired by France from Spain, in virtue of the Treaty of San Ildefonso, of the 1st of October, 1800. By this treaty Spain had retroceded Louisiana to France, "with the same extent that it then had in the hands of Spain, and that it had when France possessed it, and such as it should be after the treaties subsequently entered into between Spain and other states."

By the grant of Louis XIV. to Crozat, dated 14th September, 1712,[1] all the country drained by the waters emptying directly or indirectly into the Mississippi is included within the boundaries of Louisiana. The discovery of that river by the French, the general principles adopted by the European nations in relation to the rights of discovery, the publicity of the grant, and the long acquiescence of Spain, establish the claim of the United States to that extent. But the western boundary on the sea-shore, and south of the waters emptying into the Red River, is still a subject of controversy between the two nations; the territory called by Spain "Province of Texas" being claimed by both. The claim of France, now transferred to the United States, extended at least as far west as the bay of St. Bernard, in virtue of the settlement made there by La Salle, in 1685, in the vicinity of the river Guadeloupe, at a time when Spain occupied no part of the territory east of the Rio Norte. That settlement was destroyed, and, notwithstanding the repeated orders of the French government, was not resumed by the local authorities. In the mean while (in 1717), the Spaniards sent some priests among the Indians, and shortly after established a small military post at Adayes, afterwards transferred to Nogodoches, on which rests their claim to the country east of La Salle's settlement. By an arrangement made in 1806 by the commanding officers in that quarter, it was agreed that for the present the Spaniards should not cross the Sabine, and that the Americans should not extend their settlements as far as that river. And in order to prevent any collisions until the difference should be finally adjusted, instructions have been given that the public lands should not be surveyed west of a meridian passing by Natchitoches.

---

[1] See that document in the Appendix to the Collection of Laws, etc.

East of the Mississippi, the United States claim, by virtue of the treaty of 1803, all the territory south of the 31st degree of north latitude, and extending eastwardly to the small river Perdido, which lies between Mobile and Pensacola, and was, when Louisiana formerly belonged to France, the boundary between that colony and the Spanish province of Florida. That territory, together with the residue of Louisiana east of the Mississippi, was, by the treaty of 1763, ceded by France to Great Britain, who by the same treaty acquired also Spanish Florida. The preliminary articles of that treaty were signed on the 3d day of November, 1762, and on the same day France, by a separate Act,[1] ceded to Spain all the residue of Louisiana west of the Mississippi, and including the city and island (so called) of New Orleans. By the treaties of 1783, Great Britain ceded to the United States all that part of the former colony of Louisiana east of the Mississippi which lay north of the 31st degree of north latitude, and to Spain, under the name of West and East Florida, both that part of Louisiana east of the Mississippi which lay south of that parallel of latitude, and the old Spanish province of Florida. The 31st degree of latitude was, by the subsequent treaty of 1795, between the United States and Spain, confirmed as the boundary between the possessions of the two nations. The title of the United States to the territory in question, under the treaties of San Ildefonso and of 1803, is fully established by those facts.

Louisiana was retroceded to France "with the same extent that it then had in the hands of Spain;" and the territory in question, by whatever name Spain chose to call it, was then substantially in her hands.

Louisiana was retroceded "with the same extent that it had when France possessed it;" and not only was that territory part of Louisiana when France possessed it, but she never owned that province a single day without that territory as part of it. For, as has been stated, she ceded on the same day the eastern part of Louisiana to England, and the western part to Spain.

---

[1] This Act or treaty of cession has never been made public, but its date is ascertained by the letter of the King of France to D'Abbadie, inserted in the Appendix to the Collection.

Louisiana was retroceded "such as it should be after the treaties subsequently entered into between Spain and other states;" and Spain never had, since she acquired Louisiana in 1762, made any treaties relative to Louisiana but that of 1783 with Great Britain, and that of 1795 with the United States; she had entered into no treaty whatever which affected Louisiana *west* of the Mississippi. This member of the description can therefore only apply to the territory in question *east* of the Mississippi, and there it has full effect; the territory having been acquired by Spain by her treaty of 1783 with Great Britain, and its boundaries having been finally established by her treaty of 1795 with the United States, "Louisiana, such as it should be," &c., can only mean, including East Louisiana as restored by the treaty of 1783, but extending no further north than the southern boundary of the United States as recognized by the treaty of 1795.

The spirit of the treaty equally supports the construction necessarily derived from its letter. Spain retrocedes to France the colony which France had ceded in 1762, and she must, therefore, yield all in her possession which France had formerly given up. The cession by France of West Louisiana to Spain was to compensate for the loss of Florida. The cession of East Louisiana to England was to make, together with Florida, an equivalent for Cuba, which, on that condition, was restored to Spain. France ceded the whole for the benefit of Spain, and Spain having recovered Florida by the treaty of 1783, having herself ultimately lost nothing, it is a natural consequence that France, in obtaining a retrocession, should take back all she had lost for the sake of Spain. It is hardly necessary to add that no private explanation between those two nations, made subsequent to the Treaty of San Ildefonso, can affect the right of the United States derived from a public treaty; such supposed explanation not having been communicated to them by France when the treaty of 1803 was concluded, nor even afterwards by Spain when she acquiesced in the acquisition of Louisiana by America.[1]

---

[1] For that act of acquiescence, see, in the Appendix to the Collection, Cevallos's letter to Mr. Pinkney, of 10th February, 1804. These remarks have been introduced for the purpose of repelling certain large claims to

All the Acts of Congress which relate to Louisiana, and, amongst others, those respecting the public lands, have been so expressed as to become immediately applicable to that Territory, whenever possession should be obtained by the President according to the powers vested in him by law to that effect.

All the vacant lands in Louisiana have, by the acquisition of that country, become the property of the United States. But those east of the Mississippi, and contained within the boundaries designated by the treaty of peace with Great Britain, were claimed by individual States; and the title of the United States is, in that respect, principally, if not altogether, derived from cessions made by those States. The documents relative to that branch of the subject have been arranged under two sections,—the first consisting of extracts from the charters and other Acts establishing or affecting the boundaries of the States which made cessions; the other including the Acts of cession to the United States and the Acts of Congress relative thereto. These cessions embrace three distinct tracts of country.

1. The whole territory north of the river Ohio and west of the State of Pennsylvania, extending northwardly to the northern boundary of the United States, and westwardly to the Mississippi, was claimed by Virginia; and that State was in possession of the French settlements of Vincennes and Illinois, which she had occupied and defended during the Revolutionary war. The States of Massachusetts and Connecticut claimed all that part which was within the breadth of their respective charters; and the State of New York had also an indeterminate claim to the country. The United States have obtained cessions from the four States, and thus acquired an indisputable title to the whole. The State of Virginia, amongst other conditions of her Act of cession, made provision for securing the old French settlers in their possessions, and reserved two tracts of land,—one of 150,000 acres, near the rapids of the Ohio, for that portion of her State troops which had reduced the country, and the other, between the rivers Scioto and Little Miami, containing about

---

lands in that territory, said to be derived from grants made by the Spanish officers subsequent to the cession of Louisiana to the United States.

3,500,000 acres, to satisfy the bounties in land which she had promised to her troops on the continental establishment. The State of Connecticut reserved a tract on Lake Erie, bounded on the south by the 41st degree of north latitude, and extending westwardly one hundred and twenty miles from the western boundary of the State of Pennsylvania. The cessions of Massachusetts and New York included an insulated tract commonly called "the Triangle," lying on Lake Erie, west of the State of New York, and north of that of Pennsylvania, and which has since been sold by the United States to Pennsylvania.

2. North Carolina has ceded to the United States all her vacant lands beyond the Alleghany chain of mountains within the breadth of her charter; that is to say, between the 35th degree and 36th degree 30 minutes of north latitude, the last parallel being the southern boundary of the States of Virginia and Kentucky. That territory which now forms the State of Tennessee was, however, subject to a great variety of claims, described in the Act of cession. And Congress has, by the Act of April 18, 1806, ceded to the last-mentioned State the claim of the United States to all the lands east of a line described in the Act, leaving the lands west of that line still liable to satisfy such of the claims secured by the cession from North Carolina as cannot be located in the eastern division.

3. South Carolina and Georgia were the only States which had any claim to the lands lying south of the 35th degree of north latitude. By the cessions from those two States the United States have acquired the title of both to the tract of country now forming the Mississippi Territory, extending from the 31st to the 35th degree of latitude, and bounded on the west by the river Mississippi, and on the east by the river Chatahoochee, and by a line drawn from a place on that river, near the mouth of Uchee Creek, to Nickajack, on the river Tennessee. As a condition of the cession from Georgia, the Indian title to the lands within her present boundaries will be extinguished at the expense of the United States, and she is also entitled to receive 1,250,000 dollars out of the proceeds of the first sales of lands in the ceded territory.

Cessions having thus been obtained from all the States claim-

ing any part of the "public lands," it is now immaterial, so far as relates to those States, to examine the foundation of their respective titles. But, although the State of Georgia has no longer any immediate interest in the question, certain large claims pretended to be derived from that State, and known by the name of "Yazoo Claims," render it important for the United States to prove that a considerable portion of the territory thus claimed was not within the boundaries of Georgia nor of any other State at the date of the treaty of peace with Great Britain, and became, therefore, immediately vested in the United States by virtue of that treaty.

The charter of Carolina having been surrendered to the Crown by the proprietors, South Carolina became a regal colony, the boundaries of which might be altered by the Crown according to circumstances. Georgia was accordingly erected into a separate government, and, her charter having been surrendered by the trustees, she also became a regal colony. Her southern boundary was originally the Alatamaha River, and thence westwardly a parallel of latitude passing by the source of that river. The territory between the rivers Alatamaha and St. Mary's was annexed to it by the King's proclamation of the 7th October, 1763; and, though not positively expressed by that instrument, it appears by the commission of Governor Wright, dated 20th January, 1764, that the jurisdiction extended to the river Mississippi as far south as the 31st degree of north latitude, which, according to the proclamation, formed the northern boundary of the new British province of West Florida. But, on the representation of the board of trade, the boundaries were altered, and it appears from the second commission of Governor Johnstone, of that province, and from those of the subsequent governors, Eliot and Chester, that West Florida, from the 6th day of June, 1764, and thence as long as it continued under the British government, was bounded on the north by a parallel of latitude passing by the mouth of the river Yasous, or about 32 degrees 30 minutes of north latitude. The jurisdiction of the governors of West Florida did accordingly, in fact, extend to the territory lying between that parallel and the 31st degree, as well as south of this. Lands were granted by them within those boundaries,

and, when not subsequently forfeited, continue to be held under that title. That portion of territory (viz., between the 31st degree and about 32 degrees 30 minutes of latitude) appears, therefore, to have been acquired not by any of the States as lying within its boundaries, but by the United States as part of West Florida, and for the benefit of the whole Union. All the documents which could be procured on that subject are inserted in the 2d Section, and amongst them the recital of the second commission of Governor Johnstone, which was very lately obtained, and is now for the first time published.[1]

The last section of the first part of this collection includes all the articles of treaties with Indian tribes which relate to the extinguishment of their title to the public lands of the United States. Those tribes are in some respects considered as independent communities. They govern themselves without being subject to the laws of the United States, and their right to remain in possession of the lands they occupy, and to sell them only when they please, is recognized. On the other hand, the United States have the exclusive right of pre-emption, and all sales to foreign nations or to individuals, whether citizens or foreigners, are null by law; a provision as necessary for the protection of the Indians as for that of the public domain. This principle is generally acknowledged by themselves, and recognized in several of their treaties. Nor can it be disputed that even if their own right to sell was entire, the United States have that to forbid any one to purchase. The sales to the United States are, however, altogether voluntary, and never made without a compensation

---

[1] The title of the State of Massachusetts to the territory north of the *old* province of Maine, between New Hampshire and the river Kennebec, is not understood. The northern boundary of that province is, by the charter of 1691, fixed at 120 miles from the sea, and no subsequent document has been seen extending the province to the northern boundary of the United States. Thence it would seem that the territory west of the Kennebec, and north of the boundary established by the charter, vested by the treaty of peace in the United States, and not in the State of Massachusetts. The same observation applies to a small tract in the possession of New Hampshire lying north of the 45th degree of north latitude, that parallel appearing to have been the northern boundary of the province whilst under the British government.

more valuable to the Indians than the use of the land which they cede. Nor has, in any instance, the general government attempted to dispose of lands prior to their being purchased from the natives. For although it will appear that a portion of the lands ceded by them, in 1795, by the Greenville Treaty, had been previously sold by Congress to the Ohio Company and to J. C. Symmes, that treaty was only a confirmation of others made in 1784 and subsequent years, which had been violated by the Indians.

The treaties inserted are only such as relate to the public lands of the United States; and those for the purchase of land not ceded by the States to the Union are omitted. In several instances the same land will be found to have been purchased from different tribes, the purchase not being considered complete until all their conflicting claims have been acquired. The Indian title to the following tracts of country has thus, by successive treaties, been completely extinguished.

1. All the lands in the State of Ohio and in the Indiana and Illinois Territories bordering on the river Ohio, extending from the western boundary of Pennsylvania to the mouth of that river, and thence up the Mississippi to the river Illinois. The depth of that tract is not, on an average, less than 120 miles; and it is estimated to contain, exclusively of the Virginia military reservation, more than thirty-two millions of acres, of which more than twenty-four remain at the disposal of the United States.

2. A tract extending along the Mississippi, from the Illinois to the river Ouisconsing, and supposed to contain near twenty millions of acres.

3. A tract in the Michigan Territory, bordering on Lakes Huron, St. Clair, and Erie, estimated to contain about four millions of acres. It is separated from the "Connecticut Reserve" and from the other public lands of the United States by a tract still held by the Indians, extending along Lake Erie from the river Miami of the Lakes to Sandusky Bay.

4. A small triangular tract of 322,000 acres in the northern part of the Mississippi Territory, and in what is called the Great Bend of Tennessee, extending from a point on that river,

northwardly, to the southern boundary of the State of Tennessee.

5. The lands in the Mississippi Territory bordering on the river Mississippi, from the mouth of the river Yasous to the 31st degree of latitude, thence extending along that parallel of latitude to the river Mobile, and thence about sixty miles up the branch of that river called "Tombigby." This tract, having an inconsiderable breadth on the Mississippi, is not estimated to contain more than six millions of acres.

A large tract of country in Upper Louisiana appears also to have been ceded by the Sacs and Foxes, and by the Osages. No other treaties have been made by the United States with Indian tribes west of the Mississippi. It is, however, believed that the Indian title is extinguished to all the lands bordering on the west bank of that river as high up at least as the Missouri, but on what depth is not understood.

The second part of this collection consists of the Acts of Congress for the disposal of the public lands, and those have been arranged under four sections: 1. General provisions. 2. Donations. 3. Special sales north of the Ohio. 4. Adjustment of private claims. But this being a collection, and not a digest, of the laws, and the text of the law having therefore been uniformly preserved, it has not been practicable to follow in the details as methodical an arrangement as would have been desirable.

A considerable part of the country had been successively subject to several foreign powers: the Territories of Michigan, Indiana, and Illinois to France, and then to England; the southern part of the Mississippi Territory first to France, afterwards to England, and finally to Spain; Louisiana to France, and then to Spain. A part of the land was claimed by the inhabitants and others either by right of occupancy or under titles said to be derived from those several governments or from the local authorities. Eight boards of commissioners were instituted by various Acts of Congress for the purpose of investigating those

claims, one for each of the Territories of Michigan, Indiana, Illinois, and Louisiana, two for the Mississippi, and two for the Orleans Territory. The rules prescribed by law to the commissioners have varied according to the nature of the claims respectively coming before them. But the object appears uniformly to have been to guard against unfounded or fraudulent claims, to confirm all bona fide claims derived from a legitimate authority, even when the title had not been completed, and to secure in their possessions all the actual settlers who were found on the land when the United States took actual possession of the country where it was situated, though they had only a right of occupancy. In some cases, also, a right of pre-emption has been granted to persons who had occupied lands in the Mississippi Territory subsequent to the time when the United States had taken possession. The commissioners in that Territory were authorized to decide finally on the claims; they have completed their work, and the boards are dissolved. The commissioners for the Territories of Michigan, Indiana, and Illinois were only authorized to investigate the claims and to report their opinion to Congress. Their respective reports have been received, all their confirmations have been ratified by Congress, and the whole business has been completed in Michigan and Indiana. But it remains for Congress to decide on a great number of claims in the Illinois Territory rejected as fraudulent by the commissioners. In the Territories of Orleans and Louisiana, the commissioners have been authorized to decide finally on all claims not exceeding one league square, and to report their opinion to Congress on those of a greater extent or for lead mines. Their reports have not yet been made; but those for Louisiana and the eastern part of the Orleans Territory are expected within a short time.

The laws included under the head of "Donations" are those respecting the bounties in land given to the officers and soldiers of the Revolutionary war, the grants made to the refugees from Canada and Nova Scotia in compensation of their losses and services, certain donations for public purposes in the State of Ohio, and miscellaneous grants made by Congress to the United Brethren, to A. H. Dohrman, to the French inhabitants of Galliopolis, to General La Fayette, to Captains Lewis and Clarke,

to Isaac Zane, and to some Indian tribes now residing within the boundaries of the lands to which the Indian title has been extinguished. These, together with the donations to actual settlers above mentioned, with another donation of 100,000 acres to settlers in the tract sold to the "Ohio Company," and with the reservations for schools and seminaries of learning hereafter noted, include all the lands *given* by the United States. The laws providing for granting patents to persons entitled to land in the Virginia military reservation, between the rivers Scioto and Little Miami, have also been inserted under this head.

Three tracts of land had been sold by contract prior to the adoption of the present form of government; that is to say: 1. To the State of Pennsylvania, the triangular tract on Lake Erie above mentioned, containing 202,187 acres. 2. To an association called "the Ohio Company," a tract on the rivers Ohio and Muskingum, originally intended to contain about two millions of acres, but afterwards reduced, at the request of the parties, to 964,285 acres. 3. To John Cleves Symmes and his associates, a tract on the Ohio between the rivers Little and Great Miami, originally supposed to contain one million of acres, but which, by an alteration and then a failure in the contract, has been reduced to 248,540 acres. All those lands were sold at the rate of two-thirds of a dollar an acre, payable in evidences of the public debt of the United States, and a part of the two last tracts was paid for in military land-warrants, each acre in such warrant being received in payment for one acre and a half of land. A right of pre-emption, at the rate of two dollars an acre, has been allowed to persons who had made purchases from J. C. Symmes within the boundaries of his first contract. The laws respecting those subjects, those authorizing the sale of lots at Cincinnati and Shawnee Town, those allowing a right of pre-emption of 640 acres to George Ash, and of 320 acres to William Wells, and that for the sale of 2560 acres to John James Dufour, are arranged under the head of "Special Sales."

All the other public lands sold by the United States have been sold under general laws. No more than 121,540 acres had thus been sold prior to the Act of 10th May, 1800, viz.: 72,974 acres at public sale at New York, in the year 1787, for 87,325

dollars, in evidences of the public debt; 43,446 acres at public sale at Pittsburg, in the year 1796, for 100,427 dollars; and 5120 acres at Philadelphia, in the same year, at two dollars an acre. The system now in force was organized by the Act last mentioned, but has received some subsequent modifications. Its general outlines, as it now stands, are as followeth:

1. All the lands are surveyed before they are offered for sale, being actually divided into townships six miles square, and these subdivided into 36 sections one mile square and containing each 640 acres. All the dividing lines, running according to the cardinal points, cut one another at right angles, except where fractional sections are formed by the navigable rivers, or by an Indian boundary-line. The subdividing lines of quarter-sections are not actually surveyed, but the corners, boundaries, and contents of these are designated and ascertained by fixed rules prescribed by law. This branch of the business is conducted under the superintendence of two principal surveyors, who appoint their own deputies. The powers and duties of the first—who is called surveyor-general—extend over all the public lands north of the river Ohio, and over the Territory of Louisiana. The other—known by the name of surveyor of the public lands south of the State of Tennessee—superintends the surveys in the Mississippi and Orleans Territories. Both make returns of the surveys to the proper land office and to the Treasury.

2. The following tracts are excepted from the sales, viz.: 1. One thirty-sixth part of the lands, or a section of 640 acres in each township, is uniformly reserved and given in perpetuity for the support of schools in the township. 2. Seven entire townships, containing each 23,040 acres, viz., two in the State of Ohio, and one in each of the Territories of Michigan, Indiana, Illinois, Mississippi, and Orleans, have been also reserved and given in perpetuity for the support of seminaries of learning. 3. All salt springs and lead mines are also reserved, but may be leased by the President of the United States. Three other sections were formerly reserved in each township for the future disposition of Congress; but this reservation has, since the Act of 26th March, 1804, been discontinued. One section was also reserved in each township within the boundaries of the tracts

respectively sold to the Ohio Company and to John Cleves Symmes, and was given in perpetuity for religious purposes; but this reservation has not been extended to any other part of the public lands.

The Mississippi, the Missouri, and the carrying-places between them, the Ohio, and all the navigable rivers and waters leading into either of those three large rivers, or into the river St. Lawrence, or the Gulf of Mexico, remain common highways, and forever free to all the citizens of the United States, without any tax, impost, or duty therefor.

3. All the other public lands not thus excepted are, after the rightful private claims have been ascertained and confirmed, offered for sale at public sale in quarter-sections of 160 acres each, but cannot be sold for less than two dollars an acre. The lands not purchased at public sale may, at any time after, be purchased in quarter-sections at private sale, and at the rate of two dollars an acre, and without paying any fees whatever. The purchase-money, whether the land be bought at public or at private sale, is payable in four equal instalments,—the first within forty days, and the three others within two years, three years, and four years after the date of the purchase. No interest is charged if the payments be punctually made; but it must be paid from the date of the purchase, at the rate of six per cent. a year on each instalment not paid on the day on which it is due. A discount at the rate of eight per cent. a year is allowed for prompt payment, which, if the whole purchase-money be paid at the time of purchasing the land, reduces its price to one dollar and sixty-four cents per acre. Tracts not completely paid for within five years after the date of purchase are offered for sale at public sale for a price not less than the arrears of principal and interest due thereon; if the land cannot be sold for that sum, it reverts to the United States, and the partial payments made therefor are forfeited; if it sells for more, the surplus is returned to the original purchaser.

4. All the lands to which the Indian title has been extinguished are, for the convenience of purchasers, divided into districts, in each of which a land office is established. Ten of these districts are in full operation, viz.: those of Steubenville, Can-

ton, Zanesville, Marietta, Chillicothe, and Cincinnati, in the State of Ohio; those of Vincennes and Jeffersonville, in the Indiana Territory; and those of Nashville (for Madison County, in the Great Bend of the river Tennessee) and Washington (near Natchez) in the Mississippi Territory. The sales have not yet commenced, the surveys not being yet completed, or the private claims not yet being decided upon, in the four districts of Detroit, in the Michigan, of Kaskaskia, in the Illinois, of Mobile, in the Mississippi, and of Opelousas, in the Orleans Territory. None have yet been authorized in the Territory of Louisiana and in the eastern part of the Territory of Orleans. Each land office is under the direction of two officers,—a register, who receives the applications and sells the land, and a receiver of public moneys, who receives the purchase-money, unless the purchaser prefers paying it into the Treasury. Those two officers operate as a check one on the other. Transcripts of the sales and of the payments, together with the original receipts and assignments, are transmitted to the Treasury; and no patent issues till after the calculations have been examined and it has been ascertained that the party has paid the whole purchase-money and interest. The system, as it relates to the accountability of the receivers, is better checked than that of any other branch of the public revenue; but the various and contingent provisions respecting the credits, interest, discount, forfeitures, and other conditions of sale, render it rather complex, and for that reason liable to delays in the final settlement of the accounts of the receivers.

The total quantity of land sold under that system at the several land offices from 1st July, 1800, to 1st July, 1810, and including pre-emption rights in Symmes's purchase and the Mississippi Territory, amounts to 3,386,000 acres, which have produced 7,062,000 dollars. Of this sum, 4,888,000 dollars have been paid, in specie or evidences of public debt, into the Treasury or into the hands of the receivers of public moneys; the balance is due by the purchasers.

All the laws respecting that branch of the subject are inserted under the head of "General Provisions," where will also be found the Acts to prevent intrusions on the public lands, which

are equally forbidden under various penalties, whether the lands still continue in the possession of the Indians or have been purchased from them. Intrusions subsequent to the 3d March, 1807, work a forfeiture of title or claim, if the intruder had any such, not previously recognized and confirmed by the United States, and the President is authorized to remove such intruders, and to employ, if necessary, military force for that purpose.

An Appendix has been added, which consists principally of various documents connected with the title of the United States, or explanatory of certain extensive claims, either already rejected or requiring a critical investigation. The most important claims of that nature which have come within the knowledge of the Treasury will now be briefly stated.

1. Illinois and Wabash Companies. This is a claim for several millions of acres on those rivers, derived solely from Indian purchases made in 1773 and 1775 by unauthorized individuals. Exclusively of other considerations, such purchases were expressly forbidden by the proclamation of 1763 of the King of England. Yet it has been lately reported that the claimants intended to institute suits for the land.

2. Some large grants by Colonel Wilkins, a former English commanding officer at Illinois. These were also forbidden by the proclamation of 1763, and are recognized by the grantor as null, unless confirmed by his government.

3. A great number of claims in the Illinois Territory reported by the commissioners as fraudulent, and subject to the ultimate decision of Congress.

4. An unlocated township, included in Symmes's patent, and granted for the support of a seminary of learning, has never been applied to that purpose. Congress has given another township in lieu thereof, and directed that legal steps should be taken to recover the first.

5. The Yazoo claims, so called, embracing about 35 millions of acres in the Mississippi Territory, and derived from a pretended sale by the Legislature of Georgia, but declared null, as fraudulent, by a subsequent Legislature. The evidence, as published by the State of Georgia and by Congress, is inserted in the Appendix, and shows that that transaction, even if considered

as a contract, is as such, on acknowledged principles of law and equity, null *ab initio;* it being in proof that all the members of the Legislature who voted in favor of the sale, that is to say, the agents who pretended to sell the property of their constituents, were, with the exception of a single person, interested in and parties to the purchase. Much litigation must, however, be expected; and orders have lately been given for the removal of certain intruders, some of whom claimed the land under this supposed title.

6. British grants in the Mississippi Territory derived from the Governor of West Florida. These have not been confirmed, unless the claimant had made an actual settlement; but the lands thus claimed have by law been for the present excepted from the sales.

7. Doublehead's Reserve, so called, is a small tract on the river Tennessee, excepted by a treaty with the Cherokees from a cession of territory made by them. It remains Indian property, and is also claimed by the Chickasaws. The Cherokees, for whose use it was excepted from the general cession, seem to have supposed that they had thereby acquired the right of selling or leasing it to citizens of the United States, who now claim it, and whose removal, as intruders on Indian lands, has been ordered by the President.

8. Bastrop's claim on the river Washita, in the Territory of Orleans. This is only a contract between the Spanish governor of Louisiana and Baron Bastrop, by which a tract twelve leagues square was promised to him on condition of his settling thereon five hundred families, to each of which four hundred arpens of the land was to be allotted gratis. The execution of the contract was suspended by the Spanish government, and if it be still binding on the United States, it is only the residue of the land, after the families of the settlers shall have been first provided for, which can possibly be claimed. Yet the whole tract is claimed as a fee-simple estate held under a complete title.

9. Maison-rouge's claim, also on the river Washita, is of the same nature with the preceding. But the contract was approved by the King of Spain, and a certificate was, subsequent to the cession to the United States, obtained from the Spanish officers

stating that the conditions had been fulfilled by the claimant. There is no patent in either case; and the assent of the King, which, from its being obtained to the contract with Maisonrouge, seems to have been requisite in large grants, has not been produced for the contract with Bastrop. It may be generally observed that the archives and documents relative to the domain of Louisiana not having been left, in conformity with the treaty, in the possession of the United States, the extent of the powers of the governors or intendants to grant land, beyond the usual concessions to settlers, is not understood, and the difficulty of deciding on the validity of many claims has been greatly increased.

10. Houmas's claim on the island of New Orleans. This is originally founded on a title to a tract about a league in length, on the left bank of the Mississippi, on a depth of about half a league. The owner, having no timber, asked and obtained from the Spanish governor of Louisiana a *back concession* as far as the vacant lands extended. The obvious intention of the grant was that it should preserve a breadth equal to that of the tract on the river. But the upper and lower lines of this happening, on account of a bend in the river, not to be parallel, but to diverge, making an angle of 120 degrees, the owners now claim all the land contained between those lines protracted on one hand to Manshak at the mouth of the Iberville, and on the other to the lower extremity of Lake Maurepas; which would include about 120,000 acres of the most valuable vacant land on the island.

11. A permission was granted by a Spanish governor to the inhabitants of Opelousas, in the Territory of Orleans, to cut wood wherever they pleased in the vacant cypress forest, reserving, however, the fee of the soil to the Crown. This grant, from its nature, would seem to be revocable at will, and, if continued unrestricted, will prove equally injurious to the public domain, and ultimately to the settlement itself.

12. Lead mines near Genevieve and other settlements in Louisiana. Two extensive claims of a doubtful nature are laid to some of these. The first derived from Philip Renaut, to whom a grant had been made in 1723 by the local authorities,

and who returned to France in 1744, from which time his claim had lain dormant till the year 1807. The power of the officers who made the grant is doubted; and if the charter of the French Western or Mississippi Company was similar to that of Crozat, mines on being abandoned for three years reverted to the Crown. The other rests on an application of St. Vrain Lassus to the Governor of Louisiana for ten thousand acres, to be located on lead mines, salt springs, &c., where and in as many tracts as the applicant might choose. The governor, in February, 1796, writes at the bottom of the petition "Granted." But no warrant of survey was given nor any attempt made to take up any land during the continuance of the Spanish authorities. The present holder of the supposed grant claims, by virtue of it, and has taken possession of, a number of the most valuable mines belonging to the public.

13. Dubuque's lead mines in Louisiana, about 500 miles above St. Louis. The claim to these, and including 140,000 acres of land, is derived from a cession by the Indian tribe of Foxes, which appears to have been a mere *personal* permission to Dubuque to occupy and work mines as long as he pleased. The confirmation by the Spanish governor of Louisiana only grants the petitioner's request to keep peaceable possession according to the tenor of the Indian permission. There was neither order of survey or patent, but the land is nevertheless claimed as if held under a perfect title.

14. The New Orleans Batture. The documents respecting this claim, which rests on a supposed right of alluvion, were too voluminous for insertion. And exclusively of other considerations, derived from the nature of the Batture, and from the laws of Louisiana, it is sufficient here to observe: 1st. That no title or survey has been produced proving that the land was bounded by the river. 2dly. That that land was converted into a suburb, and all the front lots sold to individuals. 3dly. That if the first purchasers from the Crown had any right to the Batture, this does not appear to have been legally vested in the present claimants. 4thly. That it is incontestably proven that during a period of near forty years, which elapsed between the purchase of the plantation from the Crown and the cession to the United

States, the Batture was neither possessed nor claimed by the owners of that plantation, and was during the whole time in the exclusive and undisturbed possession of the public.

Some other vague claims to the public lands have been mentioned, respecting which no documents have been obtained; and it is probable that the reports of the commissioners for the Territories of Louisiana and Orleans will exhibit others as yet unknown.

CONSIDERATIONS

ON THE

CURRENCY AND BANKING SYSTEM

OF THE

UNITED STATES.

BY ALBERT GALLATIN.

PHILADELPHIA:
CAREY & LEA.—CHESTNUT STREET.
1831.

ADVERTISEMENT.

This Essay was prepared for the American Quarterly Review of December, 1830. The labor of digesting and condensing several hundred bank returns proved much greater than had been anticipated; and the time was too short for a thorough investigation. They have been now carefully examined, and the general results are, it is believed, as correct as can be expected from the materials on hand. Several transpositions and verbal alterations have also been made; some short explanatory notes have been added; and tabular statements are annexed which could not be inserted in a Review.

New York, January 1, 1831.

CONTENTS.

	PAGE
Introduction	5 [235]
Precious metals	6 [237]
Paper money	19 [253]
not convertible into specie	20 [254]
convertible at will	28 [263]
Banking system of the United States	39 [278]
Remedies—enlargement of metallic currency	55 [299]
suppression of small notes	56 [300]
proper valuation of gold coins	57 [302]
miscellaneous provisions	65 [312]
Constitutional powers of Congress	71 [319]
Stamp duties	75 [324]
Bank of the United States	76 [325]
Objections answered	84 [336]
NOTES. A. Ratio of gold to silver	93 [347]
B. Banks of Scotland	ib. [348]
C. Restrictions on private banking	95 [350]
STATEMENTS. I. Banks in operation 1st January, 1830	97 [352]
II. Situation of banks (ascertained) January 1, 1830	101 [357]
III. Capital of other banks January 1, 1830	103 [359]
IV. Banks which have failed	ib. [360]
V. Depreciation of bank-notes during the suspension of specie payments	106 [363]
VI. Situation of the United States Bank, 1819 to 1829	ib. [363]
VII. Distribution of the net circulation of the United States Bank, September, 1830	ib. [364]

CONSIDERATIONS, &c.

THE framers of the Constitution of the United States were deeply impressed with the still fresh recollection of the baneful effects of a paper money currency on the property and on the moral feeling of the community. It was accordingly provided by our National Charter that no State should coin money, emit bills of credit, make anything but *gold and silver coin* a tender in payment of debts, or pass any law impairing the obligation of contracts; and the power to coin money and to regulate the value thereof, and of foreign coin, was, by the same instrument, vested exclusively in Congress. As this body has no authority to make anything whatever a tender in payment of private debts, it necessarily follows that nothing but gold and silver coin can be made a legal tender for that purpose, and that Congress cannot authorize the payment in any species of paper currency of any other debts but those due to the United States, or such debts of the United States as may, by special contract, be made payable in such paper. All the engagements previously contracted at home by the United States were expressed in Spanish dollars; all the moneys of account of the several States were estimated and payable in that coin; there might be some uncertainty as to the precise weight of pure silver which it contained; and the assays made at the time may not, for want of proper means, have had all the accuracy of which that process is susceptible. But they were made in good faith; and the Act of Congress of the year 1791, which declared that the dollar of the United States should contain 371¼ grains of pure silver, has irrevocably fixed that quantity as the equivalent of a dollar of account and as the permanent standard of value, according to which all contracts must be performed. The relative legal value

of gold and foreign coins to that standard may from time to time be varied, provided that neither shall be so overrated as to authorize the payment of a debt with an amount in such coin of a less actual value than that of the silver to which it may be made to correspond.

The provisions of the Constitution were universally considered as affording a complete security against the danger of paper money. The introduction of the banking system met with a strenuous opposition on various grounds; but it was not apprehended that bank-notes, convertible at will into specie, and which no person could be legally compelled to take in payment, would degenerate into pure paper money, no longer paid at sight in specie. At a later date, although occasional bankruptcies had taken place, and might again be anticipated, there was no apprehension of a general failure of the banks in three-fourths of the States. Still less was it expected; and it was the catastrophe of the year 1814 which first disclosed not only the insecurity of the American banking system, as then existing, but also that when a paper currency, driving away and superseding the use of gold and silver, has insinuated itself through every channel of circulation and become the only medium of exchange, every individual finds himself, in fact, compelled to receive such currency, even when depreciated more than twenty per cent., in the same manner as if it had been made a legal tender. The establishment of the Bank of the United States was recommended by the Treasury, and that institution was incorporated by Congress, for the express and avowed purpose of removing an evil which the difference in the rate of depreciation between the paper currencies of the several States, and even those of different places in the same State, had rendered altogether intolerable. The object in view has been obtained. The resumption of specie payments, which the State banks had been unwilling or unable to effect, took place immediately after that of the United States had commenced its operations. And it has for a number of years supplied the country with a currency safer and, it must at least be allowed, more uniform than that which the State banks could furnish. The question, whether the charter, which expires in a few years, should be renewed, has been brought by

the President before Congress, with a suggestion that a national bank, founded upon the credit and revenues of the government, might be advantageously substituted to that now in existence. Reports favorable to the continuance of the present bank have been made by committees of both Houses of Congress. Another report, on the relative value of gold and silver, and intimately connected with the subject of currency, has also been made by the Secretary of the Treasury to the Senate. Availing ourselves of the information afforded by those documents, and particularly of the arguments adduced in Mr. McDuffie's able report, we intend to examine this important question principally in reference to the currency of the country, considered as the common standard by which the value of all the other commodities is estimated and every contract is performed.

Whatever commodity or species of paper may, by law or general consent, be universally received in any country in exchange of every other commodity and in payment of all debts, is the circulating medium or currency of such country, or, in other words, its common standard of the value of all commodities whatever, and that which regulates the performance of all contracts not specially excepted. It is therefore of primary importance that the commodity or substitute which may be selected for that purpose should be of a value as permanent as practicable, and the same in every part of the same country; and it is also highly desirable that the same circulating medium should be common to all countries connected by commerce. Gold and silver are the only substances which have been, and continue to be, the universal currency of civilized nations. It is not necessary to enumerate the well-known properties which rendered them best fitted for a general medium of exchange. They were used not only as ornaments and objects of luxury, but also for that particular purpose, from the earliest times. We learn from the most ancient and authentic of records that Abraham was rich in cattle, in silver, and in gold; that he purchased a field *for as much money as it is worth*, and in payment weighed four hundred shekels of silver, *current* (money) *with the merchant*. And when we see that nations, differing in language, religion, habits, and on almost every subject susceptible of doubt, have,

during a period of near four thousand years, agreed in one respect; and that gold and silver have, uninterruptedly to this day, continued to be the universal currency of the commercial and civilized world, it may safely be inferred that they have also been found superior to any other substance in that permanency of value which is the most necessary attribute of a circulating medium, in its character of the standard that regulates the payment of debts and the performance of contracts.

There is not, however, in nature any perfect or altogether permanent standard of value. There is not a single commodity the relative value of which, as compared to that of all other commodities, is not subject to great and permanent changes as well as to temporary fluctuations. But it will be found that the nature of the demand for precious metals, the comparative regularity of the supply, and especially their much greater durability and intrinsic value than those of any other substance otherwise fitted for a circulating medium, restrain the fluctuations to which their relative value is liable within far narrower limits than is the case with any other commodity which might have been selected for a currency.

It is well known that the discovery of America was followed by a great and permanent change in the price of the precious metals, which reduced it to one-fourth of their previous relative value as compared to all other commodities. This great revolution was due to a simultaneous vast increase of the supply and corresponding reduction in the cost of production of the metals. The American mines of silver do not lie nearer the surface of the earth than those of other countries; the ore rarely yields more silver than one-fourth per cent. of its weight, nor was there at the time any improvement adopted that tended materially to lessen the expense of extracting the silver from the ore.[1] The superiority of the silver mines of America appears to consist principally in the magnitude of the beds and the much greater quantity of ore which can accordingly be dug out with the same labor. The annual labor of one miner at the mine of Valenciana, the most fertile of Mexico, was suffi-

[1] Humboldt's New Spain.

cient, in 1803, to extract from the bowels of the earth four hundred quintals of ore, which produced one quintal of silver, and the annual produce of the mine exceeded three millions of dollars in value (about 220,000 lbs. troy weight); whilst at the richest mine of Saxony the annual labor of eleven miners was necessary to extract the ore sufficient to produce a quintal of silver, and the annual produce was less than ninety thousand dollars (about 6200 lbs. troy weight). Although the money-price of mining labor appears to be five times greater in Mexico than Saxony, and notwithstanding the want of fuel and other circumstances which increase the current expenses, the cost of production was still much less at the Mexican than at the Saxon mine, and left a considerable rent to the owner. The Saxon mine, though probably as rich as any that was in operation in Europe prior to the discovery of America, could not, on account of the difference in the rate of wages, be worked if situated in Mexico. It follows that all the American silver mines are superior to it in fertility, though in that respect differing from each other, and gradually decreasing from that of Valenciana down to the poorest, which probably affords no rent to the owner.

The American mines or washings of gold are in the same manner more fertile, or with the same labor produce much greater quantities of pure metal, than those of Europe. But the difference must have been less with respect to gold than to silver mines. The relative value of gold to silver was, before the discovery of America, at the ratio of 11 or 12, and is now at that of 15 or 16 to 1. If the depreciation in the value of silver has been at the rate of 4 to 1, that of gold has been only at the rate of about 3 to 1; and this may afford some reason to think that of the two metals gold is probably the most permanent standard of value. It must be observed that, though wanted for similar purposes, the relative value of gold to silver does not depend on any supposed similarity or connection between the two metals, but is the result of their respective prime cost, which determines the value of each in relation to that of all other commodities.

As the total importation of precious metals from America to

Europe had not, prior to the year 1596, exceeded a quantity equal to that contained in eight hundred millions of dollars, and the depreciation was then already at the rate of about $3\frac{1}{2}$ to 1, it is probable that the total amount of gold and silver existing in Europe prior to the discovery of America, though worth then four times as much, did not in quantity exceed that contained in three hundred millions of dollars, money of the present times.

The total amount of gold and silver produced by the mines of America to the year 1803, inclusively, and remaining there or exported to Europe, has been estimated by Humboldt at about five thousand six hundred millions of dollars; and the product of the years 1804–1830 may be estimated at seven hundred and fifty millions. If to this we add one hundred millions, the nearly ascertained product to this time of the mines of Siberia, about four hundred and fifty millions for the African gold-dust and for the product of the mines of Europe (which yielded about three millions a year in the beginning of this century) from the discovery of America to this day, and three hundred millions for the amount existing in Europe prior to the discovery of America, we find a total, not widely differing from the fact, of seven thousand two hundred millions of dollars. It is much more difficult to ascertain the amount which now remains in Europe and America together. The loss by friction and accidents might be estimated, and researches made respecting the total amount which has been exported to countries beyond the Cape of Good Hope; but that which has been actually consumed in gilding, plated ware, and other manufactures of the same character, cannot be correctly ascertained. From the imperfect data within our reach, it may, we think, be affirmed that the amount still existing in Europe and America certainly exceeds four thousand and most probably falls short of five thousand millions of dollars. Of the medium, or four thousand five hundred millions, which we have assumed, it appears that from $\frac{1}{3}$ to $\frac{2}{5}$ is used as currency, and that the residue consists of plate, jewels, and other manufactured articles. It is known that of the gross amount of seven thousand two hundred millions of dollars, about 1800 millions, or $\frac{1}{4}$th of the whole in

value, and $\frac{1}{48}$th in weight, consisted of gold. Of the four thousand five hundred millions, the presumed remaining amount in gold and silver, the proportion of gold is probably greater, on account of the exportation to India and China having been exclusively in silver, and of the greater care in preventing every possible waste in an article so valuable as gold.

In order, therefore, to produce a revolution in the price of gold and silver, such as was caused by that event, mines must be discovered which in thirty or forty years should produce, in addition to the supply required by the increasing demand, thirteen or fourteen thousand millions of dollars, or three times the quantity now existing; and this increased supply must be accompanied with a corresponding reduction in the cost of production. It is obvious that the discovery of one hundred new mines, even superior in magnitude and equal in other respects to that of Valenciana, would only cause mines of inferior fertility to be abandoned, and could produce no greater effect on the price of silver than reducing it to the actual cost of production at the mine of Valenciana. The expense of extracting the silver from ore of a given quality, once brought to the surface of the earth, bears too small a proportion to the whole expense of working a mine to render it possible that any improvement in that process should cause any great reduction in the price of the metal. It does not appear that such reduction can be effected otherwise than either by the discovery of numerous and large beds of ore, much richer in silver than any yet worked, or by a great reduction in the money-price of labor in America. Judging from analogy, the first event, at least to a sufficient extent, is altogether improbable; and the last contingency cannot take place but slowly and gradually. On the other hand, the diminution in the annual supply for the last twenty years, having been exclusively caused by the convulsions attending the revolutions of the new American states, is but temporary; and the successive numerous discoveries of new mines, during the seventeenth and eighteenth centuries, render it highly probable that, after order and security shall have been restored in those states, a similar progress will take place, and continue, as heretofore, to produce an increasing annual supply, corresponding with the

increasing demand. This demand, also, being always proportionate to the wealth and prosperity of the civilized world, can increase but gradually. It is, therefore, highly improbable that any new revolution should again occur producing effects in any degree similar to those which followed the discovery of America, or that there should be any other permanent alteration in the price of the precious metals, but such slow and gradual changes as cannot substantially affect the due performance of the great mass of ordinary contracts. Before we examine the temporary fluctuations in price to which both gold and silver are liable, it is necessary to inquire into the nature of the demand for those metals.

Mines, being, like tillable land, private property and of different fertility, the rent of either, as well as the intrinsic value of their respective produce, are regulated by analogous laws. But there is an essential difference between the demand for corn and that for the precious metals. That for corn, or the ordinary article of food, is for an amount in quantity, without much regard to value. That for gold and silver is for an amount in value, and not in quantity. More food is consumed and may be wasted in plentiful years than in those of scarcity. But there is always a certain quantity of corn or other usual article of food determined by population, and which must necessarily be supplied at any price, without any other limits than actual deficiency in the supply or absolute inability to pay the market-price; and in either case a portion of the suffering population must perish. In a country requiring annually at least fifty millions bushels or any other quantity of corn for the *necessary* subsistence of its inhabitants, there is a most imperative demand for that amount, or a substitute for it; and this must be satisfied if the amount can be procured at all, and at any price, provided the country can by any means pay for it. The demand for corn is, therefore, for a certain quantity regulated by the population, and not for a certain value proportionate to the income, capital, or wealth of the country.

But the demand for gold and silver is either for plate, jewels, and other manufactured articles, such as plated ware, gilding, &c., in which those metals are used, or for currency. It is evi-

dent that all or nearly all those objects of demand being, with the exception of currency, articles of luxury, the effective demand for them, including both the wish to possess and the means to pay, must be proportionate to wealth, and therefore for a certain amount in value and not in quantity. No individual can lay out more than a certain portion of his income or capital in plate and jewels. If the price of the precious metals is reduced to one-fourth of what it previously was, as happened during the latter end of the sixteenth century, he will be able with the same income to obtain four times the quantity of plate and gold ornaments which he formerly possessed, because their value remains the same. But the increased cheapness will in a very inconsiderable degree, if at all, have a tendency to increase the amount in value of gold and silver articles which will be used. An individual may be induced, by such great reduction in the price of silver, to substitute silver spoons or forks to those made of inferior metal; but so long as silver spoons or forks are dearer than those of any other metal, he cannot, his income remaining the same, indulge his wish without retrenching his expenses in some other respects and without depriving himself of some other comforts. What is true of every individual in every country is equally so of the aggregate of individuals or of every country. The demand for an increased value of plate, jewels, and other articles manufactured, in whole or in part, of gold or silver, with the exception, perhaps, of a few articles in general use amongst all classes, will everywhere be nearly in proportion to the wealth of each country respectively. And what is nearly correct as regards the demand for manufactures of gold and silver, is strictly true as applied to the demand for those metals for currency.

As a silver dollar, or dollar bank-note, passing from hand to hand, effects in a given time, a year for instance, a great number of payments, the amount of currency wanted in any country is always much less than the gross amount of payments made in currency within the same time. The amount thus wanted is that which is necessary and sufficient for the payment of all such purchases of land, labor, and product of labor (embracing every species of commodities and capital) as are paid with cur-

rency. Its *value* must always, therefore, bear a certain proportion to the aggregate *value* of the land, labor, and all objects whatever thus paid for with currency. That proportion, as well as that which the value of the annual purchases effected with currency may bear to the value of the whole amount of annual exchanges and purchases of the country, whether effected with currency or by any other means, must vary, and cannot be precisely ascertained. But whatever either of these two ratios may be, the average value of the various objects purchased, which are paid for in currency within a given time, a year for instance, will always require a certain proportionate value of currency. The average value of the objects thus annually paid for determines the total average amount in value of currency which is requisite, and in the case before us the average value of precious metals which is wanted for currency, and for which there is an actual demand for that purpose.

Let it be supposed that the amount of currency wanted in a country is one-tenth part of the whole amount of the annual payments made there in currency, and that the currency consisting exclusively of silver, there are annually in that country one million of bushels of wheat sold and paid for in currency. It is clear that if the relative value of silver to wheat be such in such country that one ounce of silver is the equivalent and common price of a bushel of wheat, one hundred thousand ounces of silver will be necessary and sufficient to effect the payment of all the wheat annually sold and paid for in currency. If on account of a reduction in the cost of its production, or from any other cause, the value of silver, as compared to that of all other commodities, should be reduced to one-half of what it previously was, the value of wheat, as compared with that of all other commodities, silver excepted, remaining the same as before, two hundred thousand ounces of silver would be necessary to effect the payment of the one million of bushels of wheat sold for currency during the year. But although the quantity of silver (or nominal amount of currency) wanted was twice as great as before, the value would remain precisely the same, two hundred thousand having become worth no more than one hundred thousand ounces had previously been. If, instead of this, the value

of silver had undergone no change, and either the quantity of wheat, annually sold and paid for in currency, had increased to two millions of bushels, its price remaining the same, or, the quantity thus sold remaining the same, the value of wheat as compared to all other commodities had doubled, as the two hundred thousand ounces of silver, wanted to effect the payments of the sales of wheat, would actually be worth twice as much as the one hundred thousand ounces had been, the *value* of currency wanted would be twice as great as theretofore.

What is true of the proportionate value of the currency, wanted to effect the payment of the quantity of wheat annually paid for in currency, to the value of that wheat, is equally true of the proportionate value of the currency, wanted to effect the payment of the whole amount of land, labor, and products of labor, annually paid for in currency, to the aggregate value of all those objects. Although the proportion may vary, according to the rapidity of the circulation, and to the means used in order to economize the currency, it is always that aggregate value which determines the value of the currency wanted in any country. Whilst that aggregate value remains the same, any great variation in the amount in quantity of the currency must be due to a change, or cause a change, in its value, as compared with that of all other commodities. Where gold and silver are the only currency, any great and permanent increase in the quantity of those metals used as currency (the aggregate value of the objects annually paid for in currency remaining the same) must be due to a corresponding reduction in the cost of production of gold and silver; which cost, leaving to the owners of mines a greater or less rent according to their fertility, determines the value of those metals as compared with that of all other commodities. Where a paper has been substituted to a metallic currency, any similar considerable increase in its amount must cause a corresponding depreciation in its value, if the aggregate value of the objects, annually paid for in currency, remains the same.

The amount in value of the currency wanted to effect the necessary payments, though but a comparatively small portion, is one of the most important, productive, and necessary portions

of the capital of a nation. Its use is substituted to an inconvenient barter or exchange of one commodity for another; it enables every individual to dispose at all times, and with facility, of the whole surplus of the products of his industry, and to purchase with the proceeds any of the products of the industry of others which he may want; it promotes the division of labor, and vivifies the industry of the whole country. But whenever the precious metals used as currency exceed in any country the value wanted to effect the necessary payments, the surplus becomes a dead and unproductive stock; and it will accordingly be either converted into manufactured articles of those metals, or be exported to other countries. If, on the contrary, the currency should consist of an irredeemable paper, having only an artificial and local value, and none whatever either in other countries or for any other purpose, it is evident that any excess in the nominal value of such currency, beyond the actual value sufficient to make the necessary payments, must cause a corresponding depreciation in that nominal value. If fifty-five millions of ounces of pure silver, at its present value as compared with all other commodities, are sufficient on an average to effect all the payments made in the United States in currency, the whole quantity of a paper currency substituted to silver cannot, on an average, whatever its nominal amount may be, exceed in value fifty-five millions of ounces of pure silver, or about seventy-one millions of dollars in our present coin. Whether such currency amounted nominally to seventy-one, one hundred, or one hundred and forty millions of dollars, its value would not, on an average, exceed that of the seventy-one millions of silver dollars wanted to effect the necessary payments; and the paper money would generally depreciate at least in proportion to the excess of its nominal amount beyond seventy-one millions of silver dollars. Having recurred to numbers by way of illustration, it is proper to observe that we do not mean to assert that the total value of currency wanted in any country is a fixed sum. Even when no alteration has taken place in the industry and commerce of a country, the amount of currency may occasionally, to a certain extent, exceed that which is actually wanted without affecting its price. An approximation of

the average amount, which always fluctuates within certain limits, is all we pretend to give.

It is obvious that the aggregate value of the annual payments made in currency, which regulates the value of the currency wanted, must itself principally depend on the aggregate value of the land, labor, products of labor, and in short of all the objects which are or may be annually sold or exchanged. The amount of the value of currency wanted, or the demand for currency in every country, depends, therefore, principally on its wealth, but is modified in some degree by the state of society. The wages of labor and the rent of land are in most countries no inconsiderable portion of the objects which must be paid for in money. Countries where slave is generally used instead of free labor, or where, as in the United States, the greater part of the land is occupied and tilled by the owners, or, when rented, let generally on shares, will, therefore, with equal wealth, require a less proportionate amount of currency in value. Less is also wanted in purely agricultural countries, and everywhere by those engaged in agriculture, than in any other profession. As a far greater part of the income of almost every individual is expended on articles of food than on the product of any other one branch of industry, farmers consume a much greater part of the products of their own industry, and they therefore have a less proportionate amount of those products to exchange for the products of the industry of others than any other profession. Barter continues also to be a principal mode of exchange in the country, at least in a great portion of the United States, where the planter and farmer obtain from time to time their supplies from the merchant, and pay him annually with their crop. It may be said generally that, with respect to the state of society, the want and demand for currency increase in proportion to the density of the population, the consequent multiplication and growth of towns, and the division of labor. And these being almost exclusively the result of the increasing growth, prosperity, and wealth of a country, it may be correctly asserted that the demand for currency in any country is generally proportionate to its wealth.

That demand increases in proportion to that of population

only in as far as population is a principal element of wealth; and both will increase together, nearly in the same proportion, in a country which in other respects is nearly stationary. But the ratio of the population to the actual amount of currency, which always corresponds nearly with the demand for it, will be found to differ materially in various countries, according to the productiveness of labor, to the accumulated amount of products of labor or capital, and generally to the wealth of each respectively. The perpetual melting of coins makes, indeed, the amount of coinage alone, and without many subsidiary investigations, a very imperfect criterion of the amount of gold and silver coins existing in any country. A much more correct estimate may be made where paper or debased coin, neither of which can be advantageously exported or used for any other purpose, constitute the whole or greatest part of the currency. And resorting to both means, an approximation sufficient for the purpose may be obtained.

We learn from Storch that the paper money of Russia amounted, in 1812–1814, to five hundred and seventy-seven millions of rubles, and the copper currency to about twenty-five millions. Both being depreciated to one-fourth part of their nominal value, were equivalent to one hundred and fifty millions of silver rubles; to which adding the estimated amount of twenty-five millions of silver rubles still in circulation, gives a total of one hundred and seventy-five millions, equal to less than one hundred and thirty-two millions of dollars. The paper circulates almost through the whole empire, from Archangel to Odessa, and from the banks of the Dwina to the confines of Asia. Excluding Riga, Courland, and the Asiatic provinces, the one hundred and thirty-two millions of dollars are the total value of currency for at least thirty-five millions of souls, that is to say, at the rate of less than four dollars a head.

It will hereafter be shown that the amount of currency of the United States did not, in 1829, probably exceed seventy-three millions of dollars, or at the rate of about six dollars a head; a result nearly the same as that of the year 1819. The reasons why the amount is less than might have been inferred, from the

extensive commerce of the United States and the wealth of our large cities, have already been briefly indicated.

In France, where great pains have been taken to ascertain the facts, as far as it is practicable, in a country nine-tenths at least of the currency of which consist of the precious metals, the estimates vary, for different years and different amounts of population, from two thousand to two thousand five hundred millions of francs, but only from seventy-two to eighty francs, or from thirteen and a half to fifteen dollars, a head.

The bank-notes of the Bank of England, and of country banks, amounted, in the year 1811, to forty-four and a half millions sterling, and those of Scotland to three millions and a half, equivalent, together, to about forty-four millions specie, to which adding about four millions' worth of debased silver, gives, on a population of about twelve millions of souls, about £4 sterling, or 19 dollars, a head. In 1829, the amount has been stated to be twenty-two millions in gold, eight millions in silver, and twenty-eight millions in English bank-notes, to which adding four millions of Scotch notes, gives sixty-two millions, or about the same result in proportion to the population; since this, allowing the same rate of increase since 1821 as between 1811 and 1821, must now amount to between fifteen and sixteen millions of souls. But, including the population and the bank-notes of Ireland, we would have a population of about twenty-three millions, and a currency of about sixty-six millions sterling, or, as in France, about fourteen dollars a head.

From these and more imperfect data in relation to other countries, we believe that the total amount of currency in Europe and America may be estimated at two thousand to two thousand three hundred millions of dollars; three-fourths of which consist of the precious metals, and the residue of bank-notes and irredeemable paper money.

The amount in weight or quantity of gold and silver is now fifteen times as great in Europe and America as it was prior to the discovery of the last country. But the three hundred millions previously existing were then worth as much as twelve hundred millions at this time. The increase, so far as it consists only in amount, and has been caused by the reduced cost

of production, is, with respect to currency, of no importance whatever. It is quite immaterial to the community whether one thousand ounces of silver will, on an average, purchase one thousand or four thousand given measures or weights of every other commodity. Had not that reduction taken place, four hundred thousand millions of dollars in currency would have answered the same purpose as is now effected by sixteen hundred thousand millions, without any other difference than probably the use of coins of base metal instead of our dimes and half-dimes. But the increase from twelve hundred millions (the present worth of the former three hundred millions) to four thousand five hundred millions is an increase in value, and indicates a corresponding, and, on account of the numerous substitutes for currency introduced by commerce and credit, a still greater proportionate increase of the wealth and prosperity of Europe and America together during the two last centuries. That increase of value has no otherwise contributed to this increased wealth than as far as it has added to the amount of exchangeable commodities; and the same effect would have been produced by a similar increase in any other commodity. The increased wealth and prosperity of Europe and America are the cause, and not the effect, of the increased amount in value of gold and silver which they now possess. The causes of that great increase of wealth are not to be found in the fertility of the mines of America, but in the general progress of knowledge, skill, and every species of industry, in the consequent improvement of governments, laws, and habits in all that constitutes what is called civilization. The influx of precious metals follows in every country, and does not precede the corresponding increase of wealth.

As the regularity of the annual supply of the precious metals is not affected by the seasons, the changes in the amount of that supply had, during the two last centuries, been gradual and hardly sensible from year to year. That which has taken place within the last twenty years has been greater than had been experienced since the first great revolution caused by the discovery of America. The annual supply of the mines of America, Asia, and Europe had reached its highest point in the years 1803–1810,

and amounted then to fifty millions of dollars, or to about one and one-fourth per cent. of the whole quantity of precious metals then existing in Europe and America. The convulsions of the former Spanish colonies have, for the last twenty years, reduced the total annual supply to about twenty-seven millions, or to about three-fifths per cent. of the whole amount now existing. A diminution of one-half of the ordinary supply of any other commodity, the demand remaining the same, would have produced a still greater proportionate increase in its price. Continued during twenty years, this diminished supply of the precious metals, whilst the demand is still gradually increasing, cannot but have affected, in some degree, their price; and if prolonged much longer the effect would be visible; but it has been gradual, from year to year imperceptible, and affecting in no sensible manner the performance of contracts. This is obviously due to the comparative small amount of the ordinary supply, which does not exceed one hundredth part of the stock on hand, whilst the annual supply of corn and of most other natural products always exceeds, and that of most manufactured articles often equals, the amount of the old stock. The superior durability and value of the precious metals over every other substance (including even iron, copper, and other metals) fitted for a circulating medium, which produce and preserve the great accumulation of gold and silver, are the principal cause of their great superiority over every other commodity as a permanent standard of value.

For the same reasons, any accidental inequality in the distribution of the precious metals amongst the several countries, in proportion to their respective wants, is promptly and easily repaired; and any extraordinary demand from a particular country met without difficulty or sensibly affecting the price of the metal required. The general supply of stock on hand is always sufficient to meet such demand, and the expenses and charges of transportation are, on account of the greater value of an equal bulk, far less than those of any other commodity, hardly ever exceeding in time of peace one per cent. on the value, even when brought from the most distant countries of the civilized world. During the four years which immediately followed the

resumption of specie payments in England, that occurrence caused an extraordinary demand of more than twenty millions sterling in gold, or about twenty-four millions of dollars, a year, being near three times as much as the annual supply of that metal; and this demand was met without any difficulty or sensibly enhancing the price of gold. As the gold coins of France are, by the mint regulations of that country, a little underrated in relation to those of silver, they always command a small premium, varying generally from one-fifth to one-half per cent. This premium never exceeded the last rate during the years of that demand; which is a conclusive proof that it could not at most, and at any time, have enhanced the price of gold more than three-tenths per cent.; since, in that case, the advance would have also taken place in France, whence, in fact, a considerable portion of that demand was supplied. This decisive fact also shows that it is erroneously that the exportation of American gold coins, which commenced in the year 1821, has been ascribed to that extraordinary demand. The exportation has been continued uninterruptedly, after that cause had ceased to operate, and, as will be seen hereafter, is due to the alteration from that epoch in the rate of exchanges.

But it is nevertheless true, that as the value of the various objects exchanged or sold annually in a country, and, what is still more important, as the proportion of that value to the amount of the actual payments which must be made in currency, are both subject to variations, the amount of currency wanted in a country does, exclusively of the gradually increasing demand caused by an increasing prosperity, vary at different times in the same country. That amount ought, therefore, in prosperous seasons, to exceed that which is then necessarily wanted in order to be able to meet the greater demand which at times takes place. There are, in every country, banks, bankers, and great dealers, in whose hands the currency of the country accumulates, to be thence again distributed amongst the members of the community according to their respective wants. Obliged to meet those demands, it is their interest and duty to keep always those reservoirs sufficiently full. In countries where no artificial substitute has rendered the task more difficult, and

where specie is the sole or principal currency, although there may be occasional varieties in its value, they are of rare occurrence and restrained within narrow limits, and an actual want of specie is hardly ever known.

The substitution of a paper currency to the precious metals does not appear to be attended with any other substantial advantage than its cheapness; and the actual benefit may be calculated with tolerable accuracy. If in a country which wants and does possess a metallic currency of seventy millions of dollars a paper currency to the same amount should be substituted, the seventy millions in gold and silver, being no longer wanted for that purpose, will be exported, and the returns may be converted into a productive capital, and add an equal amount to the wealth of the country. If the banking system, founded on the principle of a paper currency convertible at will into specie, should be adopted, and notes of a very low denomination be excluded, it will be found that the circulation would consist of about sixty millions in bank-notes and ten millions in silver.[1] But in that case the banks, in order to sustain specie payments, must, on an average, have in their vaults about twenty millions in specie. This is believed to be nearly the state of things at this time in the United States, if, according to common usage, we consider bank-notes as constituting the whole of the paper currency. There have been, therefore, on that principle, only forty millions of dollars saved and added to the productive capital of the country. This, at the rate of 5 per cent. a year, may be considered as equal to an additional annual national profit of two millions of dollars. The substitution of bank-notes to a metallic currency produces the same effect as an addition of two millions a year to the exports of the United States, or as a diminution

---

[1] It has been lately stated that the bank-notes of every description in England amount to twenty-eight millions sterling, and the bullion in the vaults of the bank to thirteen millions. If this is correct, the capital saved is only fifteen millions, and the annual profit, derived from the paper currency, six hundred thousand pounds sterling.

of taxes to the same amount. Being inclined to think that the credits on the books of the banks, called *deposits* in the United States, constitute to all intents and purposes a part of their currency, we believe that the benefit derived from the banking system is still greater, and is tantamount to an annual national saving, or additional profit, of near five millions of dollars.[1] This is certainly an important advantage, provided the system is conducted so as to afford complete security; and it would be altogether free of objection if the banks were only banks of deposit and issued no paper. Barns are certainly a very expensive implement of agriculture. The capital expended on those buildings in the Middle and Northern States is more than the value of one year's crop of the farms, and causes therefore a deduction of more than 5 per cent. on the annual gross produce of the earth. To dispense with barns would be a greater annual saving than that which arises from the substitution of a paper to a metallic currency. Some favorable seasons occur when the farmer might thresh his wheat on a temporary floor exposed to the weather, and dispense with a barn. Yet, in our climate, every prudent farmer prefers security to a precarious advantage, and would consider it a most wretched economy not to incur the expense necessary for that object. Similar is the economy of that expensive instrument, the precious metals, if the substituted paper currency is insecure. To unite that security, which is derived from a uniform and permanent standard of value, with the acknowledged and considerable saving arising from the substitution, is the difficult problem to be solved in every country that resorts to that cheaper species of circulating medium.

A paper currency is either convertible at will into specie, or redeemable at some future time, or altogether irredeemable. The two last descriptions are excluded by the Constitution of the United States, and require examination only because experience

---

[1] We do not take into consideration the annual amount wanted to repair the loss occasioned by friction in gold and silver coins. This has been greatly overrated by respectable British writers; but, according to the various opinions deduced from actual experiments, cannot exceed, taking the highest computation, and is probably less than, seventy thousand dollars a year, on a coinage of forty millions.

has shown that a currency of the first description may degenerate into one not convertible into specie without, on that account, ceasing to be the only currency of the country. Some persons are yet found who contend for issues of paper money to an indefinite amount, without regard to the fundamental principle that the demand is for value, and that it is impossible to increase the amount of currency beyond certain limits without producing a corresponding depreciation in its value. A recurrence to that principle is sufficient to dissipate the singular illusion under which that opinion is advanced.

We find in a paper laid before the Senate during their last session, that, according to the increase of population since the year 1820, there ought to have been, since that time, a demand for thirty-two millions of acres of the public lands, which, at the present price of $1\frac{1}{4}$ dollars per acre, would have yielded forty millions of dollars (or four millions a year), whilst the annual sales amount only to one million, "the reason for which is want of money to purchase." The remedy proposed in the sequel is an issue of paper money by government, the general benefit of which, according to the writer, would be stupendous. "Were our own government to increase our circulating medium *only* fifty millions of dollars, income-yielding property would rise two thousand millions of dollars."

The word "money" is used as synonymous with specie and currency. But as currency is the thing by which everything else is valued, the value of every species of property is expressed in currency. A planter possessed of property which, in usual times, might be sold for one hundred thousand dollars, is accordingly said to be worth one hundred thousand dollars, though he may not at any one time have in his possession one thousand dollars in currency. The word money comes thus to be used as synonymous with wealth, and in that sense of the word we agree with the respectable writer of the paper in question, that the reason why the sales of the public lands have not far exceeded one million of dollars a year has been the want of money, that is to say, of wealth on the part of those who would have wished to purchase. From the other writings of the same author we had concluded that he was in favor of issues of paper money

almost to an indefinite amount. But it appears by this paper that he is perfectly aware that a very limited amount of currency is sufficient, since he avers that an additional issue of fifty millions would produce, on the value of the productive property of the country, an effect forty times as great as that issue. This reduces the question to one of quantity, and whether the amount of currency supplied by the banking system now existing is insufficient and ought to be increased by an issue of government paper. As it is the interest of the banks to issue as many notes as can be kept in circulation, and as they are authorized by their charters to issue more than three times the present amount, it is clear that the obligation to pay their notes in specie on demand is the sole reason why that amount is not greater. It is, therefore, absolutely necessary, in order to enlarge it, that the proposed new issue should consist of a government paper money not convertible into specie on demand. It could not, according to the Constitution, be made a legal tender for the payment of debts between individuals, and might only be made receivable in payment of debts due to the United States. It is evident that such paper could not circulate a single day in competition with that of the banks, which is received not only for that purpose, but in payment of all debts, and is at all times convertible into specie. The new paper would be immediately depreciated in proportion to its amount, and produce no other effect than that of lessening the revenue of the United States in the same proportion. It would be much more simple, if that was the object, to reduce the rate of existing taxes; with respect to the public lands, to reduce the price at which they are now sold. We believe that this last measure would be equally just and consistent with sound policy, and that the great change of circumstances which has taken place, and principally the superabundant supply of public lands compared with the *effective* demand at the present price, imperatively require a reduction of that price. Those lands are the property of the people of the United States at large, and cannot be given gratuitously either to particular individuals or to particular States. But they should not be kept out of market by persevering in a price that was adapted to the time when it was fixed, and no longer accords

either with the greatness of the supply or with the wealth of the natural purchasers, of those who want them for their own use, and who may, if the expression is admissible, be considered as the consumers of that commodity.

But supposing, for the sake of argument, that this additional issue of paper by government should not experience any depreciation, and should circulate at the same rate as bank-notes convertible on demand into specie, not the slightest advantage would accrue to the purchaser of public lands or to any other individual. If not depreciated, the same quantity of labor, of wheat, or of any other commodity, will be necessary, and must be given, in order to obtain an equal quantity either of that paper, of bank-notes, or of specie. If depreciated and circulating, the farmer might indeed obtain two dollars of that paper, instead of one in specie, for a bushel of wheat, and the laborer receive one dollar nominal, instead of half a dollar in specie, for a day's labor. But what benefit would arise to either? Since the farmer would be obliged to pay also a double nominal price for the labor he wanted, and the laborer a similar double price for the farmer's wheat, and since both would likewise be obliged to give a double price for any article they might want when paid with that paper. This is so simple and obvious, that we are entirely unable to understand on what grounds the contrary doctrine can be sustained. After having tried to discover what was meant by those who pretend to argue in support of excessive issues of paper money, we have found nothing but a repetition of the erroneous assertions on which the famous Law attempted to build the stupendous scheme which bears his name and desolated France in the year 1720. He asserted, 1st, that gold and silver were only the representative or sign of wealth; 2d, that paper might be that sign as well as the precious metals; 3d, that by doubling or trebling the amount of that sign the national wealth would be increased to that amount; 4th, that such increase of the currency would reduce the rate of interest and thereby promote industry. It is hardly necessary to show that those assertions are a series of errors. The precious metals are not merely the sign or representative of wealth; they have an intrinsic value, on account of the cost of their production and of the demand for other uses

than currency, and are therefore wealth itself. It is because they have an intrinsic and comparatively stable value that they have become the standard of the value of every other commodity, or, according to Law's vocabulary, the representative or sign of wealth. A certain quantity of those signs is necessary for a circulating medium; but the quantity used adds nothing more to the wealth of any country than the intrinsic value of that quantity. Paper, having no intrinsic value, never can, whatever its amount may be, add anything directly to the national wealth. Its utility consists in the substitution of a sign of no value for a sign which has an intrinsic value, and which may, on that account, be used advantageously for other purposes than that of a sign. Having performed that office, the increase of paper, beyond the amount of the valuable sign of which it takes the place, neither adds nor produces any wealth. The multiplication of the signs beyond the amount in value wanted can have no other effect than that of depreciating their nominal value, and has none on the rate of interest, which depends, not on the amount of those signs or of currency, but on the proportion between the amount or supply of capital which may be loaned and the demand for that capital. The result of Law's scheme was a fatal illustration of his doctrines. By a series of arbitrary acts on the part of government, and by connecting some splendid and illusory schemes with the bank, he succeeded in putting in circulation about four hundred and twenty millions of dollars in bank-notes, or more than twice the amount of the currency then wanted in France. This paper was made a legal tender, to the total exclusion of the precious metals. But the laws and all the power of the French government were unequal to the task of sustaining that excess of currency. The price of every species of merchandise naturally rose 100 per cent. Government, with a view probably to prevent a total catastrophe, reduced by a decree the notes to one-half of their nominal value. The bubble burst instantaneously. The whole currency of the country, the four hundred and fifty millions dollars of bank-notes, could not, the next day, have been sold for the value of the paper on which they were printed. They were subsequently funded at the rate of eighty for one. The public creditors, who had been paid in

notes, lost one hundred and fifty millions of their capital. Some speculators in shares were enriched; all the actual stockholders were ruined; and the calamity extended to all the industrious and productive part of the community. Since that time banks have not been connected with such gross commercial bubbles. But in England the South Sea scheme and the joint stock companies of the year 1825 were erected on the model of the Mississippi Company of Law; and the Assignats of the French revolution, as well as all the other attempts to substitute an excessive issue of pure paper money to a metallic currency, have been but copies of his bank-notes.

It has been contended by distinguished writers of a very different description that an irredeemable paper currency, not exceeding in its nominal amount that in value which is actually wanted, might be altogether substituted to gold and silver, provided that government should always regulate the issues so as never to exceed or fall short of that amount. The advantage of such paper, over notes convertible on demand in specie, would consist in saving the expense of the gold and silver necessary to pay such notes at the will of the holders, and in protecting the currency against both a panic and the consequences of any great drain of the precious metals from abroad; dangers to both of which notes payable in specie are exposed. It must, in the first place, be observed that the unavoidable effect of an increased or diminished value of the currency, arising from contraction or excess of its amount beyond certain limits, is ultimately to sink or to raise the price of every other commodity. But this change may not affect immediately the price of the commodities or of the labor applied to objects not susceptible of being exported; and that of exportable commodities is often affected by variations in the relative amount of supply and demand, which are altogether foreign to the state of the currency. The wisest government, with the purest views, never has any other means of ascertaining whether the amount of a paper money is too limited or excessive than the price of the precious metals in such paper, because those metals are, of all others, the commodity least liable to variations in its value. The rate of exchanges may occasionally be a more sensitive test,

but is in reality a more circuitous and less certain mode of resorting to the same standard of value. Thus government has no means to ascertain whether its issues are too contracted or too large till after the evil has actually taken place; whilst banks, obliged to pay their notes in specie, and skilfully directed, are constantly employed in preventing its occurrence. But supposing government to be endowed with such skill as to be able always to adjust the proper amount of currency,—an amount which, if this is metallic, adjusts itself, and which, by banks properly conducted, may be tolerably well regulated,—there is still an ingredient inherent to paper not convertible on demand in specie which no human skill can control. This is public opinion with respect to future contingencies, and therefore purely conjectural.

It has been asserted that the value of an irredeemable paper money is altogether regulated by its amount, and does not, or at least ought not to, depend on confidence in the solvency of the government by which it is issued. The last assertion may be strictly true, though we believe that, in point of fact, there has hardly been any issue of paper which in its origin was not founded on an explicit or implied promise to redeem it. But, if not depending on confidence in the solvency, the value of the paper will most certainly be affected by the public confidence in the skill, discretion, and probity of government, these being the only guarantees against excessive issues, and experience having but too well proved the natural disposition of every government which ever did issue paper to resort, whenever pressed by its exigencies, to that resource, without regard to amount and consequences. Our principal concern, however, is with paper originally convertible on demand in specie, and which has degenerated into a paper the redemption of which is indefinitely postponed. It is evident that the value of such currency must depend, at least in part, on the probability of its being ever redeemed, or of specie payments being resumed, and of the time when this will take place. And as there lies the danger to which the currency of the United States is exposed, we will illustrate that position by some instances.

The paper money issued by Congress during the war of the

American independence experienced no sensible depreciation before the year 1776, and so long as the amount did not exceed nine millions of dollars. A paper currency, equal in value to that sum in gold or silver, could therefore be sustained so long as confidence was preserved. The issues were gradually increased during the ensuing years, and in April, 1778, amounted to thirty millions. A depreciation was the natural consequence; but had the value of the paper depended solely on its amount, the whole quantity in circulation would have still been equal in value to nine millions, and the depreciation should not have been more than $3\frac{1}{3}$ to 1; instead of which, it was then at the rate of six dollars in paper for one silver dollar, and the whole amount of the paper in circulation was worth only five millions in silver. It is obvious that the difference was due to lessened confidence. The capture of Burgoyne's army was followed by the alliance with France, and her becoming a party to the war against England. The result of the war was no longer considered as doubtful, and sanguine expectations were formed of its speedy termination. The paper accordingly rose in value; and in June, 1778, although the issues had been increased to more than forty-five millions, the depreciation was at the rate of only four to one. From the end of April of that year to the month of February, 1779, although the issues had been increased from thirty-five to one hundred and fifteen millions, the average value in silver of the whole amount of paper in circulation exceeded ten millions, and it was at one time nearly thirteen millions, or considerably more than that which could be sustained at the outset of the hostilities. But when it was discovered that the war would be of longer continuance, confidence in the redemption of a paper money, daily increasing in amount, was again suddenly lessened. The depreciation increased from the rate of 6 to that of 30 to 1 in nine months. The average value in silver of the whole amount of paper in circulation from April to September, 1779, was about six millions, and it sunk below five during the end of the year. The total amount of the paper was at that time two hundred millions; and although no further issues took place, and a portion was absorbed by the loan offices and by taxes, the depreciation still increased, and was at the

end of the year 1780 at the rate of 80 dollars in paper for 1 in silver. The value in silver of the paper currency was then less than two millions and a half of dollars; and when Congress, in March following, acknowledged the depreciation, and offered to exchange the old for new paper at the rate of 40 for 1, the old sunk in one day to nothing, and the new shared the same fate.

The aggregate of bank-notes of the Bank of England and country banks was nearly the same in the years 1810, 1813, and 1818, being, for each of those years respectively, about forty-six millions, forty-six millions two hundred thousand, and forty-six millions seven hundred thousand pounds sterling; and the value in gold of the aggregate amount of notes was, for each of those years respectively, forty, thirty-five and a half, and forty-five and a half millions. A result nearly similar will be found by comparing periods of years. The average amount of the notes in circulation was about forty-six millions for the years 1810, 1811; forty-five millions two hundred thousand for the years 1812 to 1816; and forty-four millions four hundred thousand for the years 1817 to 1819; and the average value in gold of those notes for each of those periods respectively was forty-one, thirty-six, and forty-three millions. It is obvious that those differences in the respective value in gold of the whole amount of the currency did not depend on its amount, but on the opinion entertained either of the probable increase or contraction of the notes, or of the resumption of the specie payments. Had the depreciation of the notes depended solely on their excess, it would have been nearly the same in the years 1810, 1813, and 1818, when that amount was nearly the same. Reducing into gold the value of the whole currency, no other reason can be assigned but a greater or less degree of confidence why a paper currency worth forty-five and a half millions could be sustained in 1818, whilst no greater value than thirty-five and a half millions circulated in 1813. It is indeed evident that the confidence in the resumption of specie payments must have been greater in 1810, and much greater in 1818, than in 1813; and that, independent of the intrinsic value of the bank-notes, as regulated by their amount, they must, whenever depre-

ciated, acquire some additional value, according to the opinion entertained of their being again converted into specie and of the proximity of that event.

A still more striking instance of the sudden alterations in value to which notes not convertible into specie are liable is to be found in that which took place in England, in the spring of 1815, on the landing of Bonaparte from the island of Elba. The bank-notes had gradually risen in value since the peace, and were not depreciated more than 12½ per cent. in the beginning of March. Towards the end of that month, and within less than a fortnight, the depreciation was 25 per cent., although there had been, during that time, neither additional issues of paper nor exportation of the precious metals. We will quote only one more instance of a similar nature. During the general suspension of specie payments in the United States, the depreciation of the bank-notes varied in the several seaports. Those of the Baltimore banks were at 20 per cent. discount in January, 1815. The treaty of peace was ratified and published in the month of February; and as the suspension of specie payments had not lasted six months, and was caused by the war, a general expectation immediately prevailed that those payments would be forthwith resumed. Accordingly, bank-notes rose everywhere in value, and in March the discount on those of Baltimore was only 5 per cent. As that expectation was disappointed, the notes again sunk in value, and in July those of Baltimore were again at a discount of 20 per cent. It is believed that no doubt can remain that a paper currency liable to fluctuations like those, and originating in causes that baffle all calculation, never can, by any skill whatever, be made a stable standard of value.

The paper currency of the United States is of a very different character, and, according to the general acceptation of that term, consists almost exclusively of bank-notes payable on demand in specie. It may, however, be questioned whether there are not other species of paper founded on credit which ought to be considered as making part of the currency, and not merely as substitutes.

There are in England, where incorporated country banks, issuing paper, are as numerous and have been attended with

the same advantages and the same evils as our country banks, some extensive districts, highly industrious and prosperous, where no such bank does exist, and where that want is supplied by bills of exchange drawn on London. This is the case in Lancashire, which includes Liverpool and Manchester, and where such bills, drawn at ninety days after date, are endorsed by each successive holder, and circulate through numerous persons before they reach their ultimate destination and are paid by the drawee. It has been contended that these substitutes for currency, and in one respect performing its office, must be considered as forming part of it; and this assertion has been carried so far as to insist that there was in England a circulation of one hundred and fifty millions of dollars in bills of exchange which was of the same character. As this view of the subject would materially affect the result of any inquiry respecting currency, the question must be examined, and extended to private notes and to bank deposits.

It is difficult to distinguish a note on demand drawn by a private individual from a bank-note in countries where every individual is left at liberty to throw such notes in circulation as part of the currency. The discrimination has always been made on the Continent of Europe, where it is not believed that any paper of that description has ever been permitted to be issued by any person or company not specially authorized to that effect. We are not aware that any similar general restriction exists in Great Britain, or that others are to be found there, than the clause, in favor of the Bank of England, which forbids banking associations to consist of more than a limited number of partners, and the late laws forbidding, except in Scotland, the issue of notes under five pounds. The same liberty seems to have originally existed in the United States, but has subsequently been restrained by their several laws to incorporated banks. A solitary exception is to be found in Mr. Stephen Girard's bank, which was previously established, and which, from his great wealth, skilful caution, and personal character, is justly entitled to as much credit as any chartered bank in the United States. Congress has not, however, passed any law preventing the issue of notes by the corporation of the city of Washington, and there

is still a small amount of paper in circulation issued by the State of North Carolina. In every other respect the currency of the United States, so far as it consists of notes, is strictly confined to bank-notes issued by chartered companies.

A bill of exchange, drawn by an individual or individuals who do not issue notes having the character of currency, appears to us to be clearly distinguishable from a bank-note, though it is a substitute, and lessens the amount of currency which would otherwise be required. A payment made in bank-notes is a discharge of the debt, the creditor having no further recourse against the person from whom he has received the notes, unless the bank had previously failed. The bill of exchange does not discharge the debt, the person who receives it having his recourse against the drawer and every preceding endorser, in case the drawee should fail or refuse to pay. But the essential distinction is, that the bills of exchange are only a promise to pay in currency, and that the failure of the drawers, drawees, and endorsers does not in the slightest degree affect the value of the currency itself, or impair that permanent standard of value by which the performance of all contracts is regulated. The case is, however, quite different when the bills are drawn by a bank authorized to issue bank-notes which make part of the currency. We perceive no difference between such drafts, particularly when paid at sight, and either post-notes or ordinary notes. Five-dollar drafts, drawn by the branches of the Bank of the United States on the bank, circulate at this moment in common with the usual five-dollar notes. Similar drafts, varying in amount to suit the convenience of purchasers, are daily drawn by the bank on its offices, and by those offices on each other, or on the bank. Many of those drafts pass through several hands, and circulate several months, in distant parts of the country, before they are presented for payment. The holders of those bills have the same recourse against the bank as the holders of bank-notes. Those bills are of the same character, depend on the same security, and in case of failure would share the same fate with bank-notes. Though not usually included in the amount of the circulation of the bank, we cannot but consider the average amount in actual circulation as making

part of the currency of the country. A question somewhat more difficult arises with respect to credits in account current on the books of the banks, commonly designated in the United States by the name of "deposits," and which may perhaps be more easily solved by reducing it to its most simple form, that is to say, by first considering banks purely of deposit.

That of Hamburg, which still exists, is the most perfect of the kind. It neither issues bank-notes nor discounts notes or bills of exchange, but only receives silver in bars on deposit. For every bar containing a certain weight, called "marc of Cologne" (equivalent to 3608 grains troy weight), of silver of a certain standard,[1] the bank gives a credit on its books of 442 lubs B$^{co.}$ (27 marcs 10 lubs B$^{co.}$) money of account. Any person having a credit on the books of the bank may be paid in similar bars at the rate of 444 lubs B$^{co.}$ for a marc weight of Cologne of silver of the same standard. The difference, which is less than one-half per cent., defrays the expenses of the establishment. All the large payments are effected in Hamburg by checks on the bank, and by a corresponding transfer of the credit on its books from one individual to another. The utility of the establishment consists not only in the greater convenience and rapidity with which the payments are effected, but also in having substituted silver of an uniform standard to a currency which consisted of German coins, varying in standard, weight, and denomination. The aggregate amount of credits on the books of the bank being at all times precisely equal, at the rate above mentioned, to the quantity of silver in its vaults, it would be incomprehensible and, indeed, absurd to suppose that such large capital, having an intrinsic value, should voluntarily be buried in the vaults, unless its representative or the credits on the books of the bank performed every office of currency. It is undeniable that this is the fact in every respect, every payment being effected by transfers of those credits, and their convertibility at any time into a determined weight of pure silver, affording the best possible standard of value. This, indeed, regu-

[1] Containing, according to most authorities, forty-seven parts pure silver and one part of alloy.

lates exclusively the value of all the coins, whether in circulation for small payments or brought to market as bullion.

Let it be supposed now that it had been found from long experience that the quantity of silver in the vaults, through all its fluctuations, had never been less than a certain sum, equivalent, for instance, to two millions of dollars. The directors of the establishment might conclude that this amount would under no circumstances whatever be withdrawn, or, in other words, that this sum was the minimum of the currency wanted to effect the payments made in bank. They might, therefore, think themselves justifiable in withdrawing that dormant capital from the vaults and converting it into an active capital, by lending it to individuals. In this case, the amount of credits on the books of the bank would remain the same as if that sum in silver had not been withdrawn from its vaults; and all the payments effected by the transfers of those credits would continue to be made precisely as theretofore. The amount of those credits would therefore continue to be, in every respect, the currency of Hamburg, differing from what it was formerly only in being sustained by a less amount in specie, and depending for its ultimate security on the solidity of those to whom the silver withdrawn from the vaults had been loaned.

What we have stated as a supposititious case actually took place in the Bank of Amsterdam, constituted on nearly the same principles as that of Hamburg; and from which the directors secretly withdrew more than four millions of dollars, which they lent principally to the province of Holland and to the city of Amsterdam. And it is, as is well known, what is always done openly and in perfect good faith by all our banks, as well as by the Bank of England and by that of France. The credits in account current or "deposits" of our banks are also, in their origin and effect, perfectly assimilated to bank-notes. Any person depositing money in the bank, or having any demand whatever upon it, may at his option be paid in notes, or have the amount entered to his credit on the books of the bank. The bank-notes and the deposits rest precisely on the same basis: for immediate payment on the amount of specie in the vaults; for ultimate security on the solidity of the debtors of the bank.

In case of a run upon a bank, or of its failure, the security of the holders of notes is lessened in proportion to the amount of deposits due by the bank. We can in no respect whatever perceive the slightest difference between the two; and we cannot, therefore, but consider the aggregate amount of credits payable on demand, standing on the books of the several banks, as being part of the currency of the United States. This, it appears to us, embraces not only bank-notes, but all demands upon banks payable at sight, and including their drafts and acceptances. But in order that such deposits, bills of exchange, or other paper founded on credit should make part of the currency, it seems necessary that they should constitute a demand upon banks that do issue currency, or that, as at Hamburg, a transfer of credit on the books of the bank should be a legal tender. If, in comparing the amount of currency in different countries, we have only included specie and actual issues of paper, it was partly in conformity with received usage, and partly from want of information respecting the amount, in other countries, of the bank credits, which may be considered as perfectly similar to our deposits.

Credit is essential to commerce: but whenever it receives a shock, a commercial revulsion and distress must necessarily ensue. This will always affect the currency to a certain extent, since there must be a greater demand for it in proportion as the resources arising from credit are impaired. But where, as in the United States, the currency itself rests on credit, and the same institutions which issue that currency are those from which accommodations are expected, want of credit is most liable to be mistaken for a want of currency.

Although the causes of such distress, and of a real or presumed scarcity of currency, are of the same nature, they may, as somewhat dissimilar in their immediate effects, be distinguished as external or internal. As the imports and exports of a country are now but rarely effected by the same persons, there are always, in consequence of the commercial intercourse between two countries, creditors and debtors on both sides. It is obviously the interest of both to exchange or sell those debts, when the exporter does not want to import nor the importer to export merchandise. A bill of exchange, drawn from the United

States on England, is an obligation on the part of the drawer to exchange, for a sum paid to him in the United States, an equivalent in England. When the credits and debits respectively payable at the same time are nearly equal, the exchange is made on equal terms. In proportion as the debt of the United States to England is greater than that of England to the United States, the demand for bills on England will become greater than the supply; and the drawer will obtain a greater sum in the United States than that which by his bill he obliges himself to pay in England. Whenever the difference becomes so great as to exceed the expense and risk of transporting precious metals to England, those metals will be exported in preference to a remittance in bills. When the commercial transactions between two countries are comparatively small and the stock of gold and silver large, their exportation, particularly in neighboring countries, soon pays the balance and restores the equilibrium. When, as between the United States and England, the respective imports and exports are very large, the balance due may be increased in proportion; and as the stock of the precious metals in the United States is comparatively small, the exchange may remain for years unfavorable, and the precious metals continue to be exported, until the balance is actually paid from the proceeds of the exports generally, or converted, by the sale of American stock, into a debt not immediately demandable. This apparently continued drain was considered, in former times, as an evil of great magnitude; and severe laws were, in most countries, enacted against the exportation of specie. Experience has shown not only that those laws were inefficient, but also that the best, if not only, means to insure a uniform and sufficient supply of any foreign product, when there is no other object in view, is to lay no restraint whatever on its importation and exportation. Commerce, when not interrupted by war or other causes, is always found to supply the amount of precious metals which may be wanted. Numerous striking proofs might be adduced: it is sufficient to recollect that the average rate of exchange on England from the beginning of 1821 to the end of 1829 has been $4.87 per pound sterling (about $9\frac{3}{5}$ per cent. premium on nominal par), or $2\frac{3}{5}$ per cent. above the true par;

that it never was, during the whole of that time, below $4.60, at which rate gold, being underrated by our mint regulations, commences to be exported, and that that period was in no degree remarkable for scarcity of specie.

Being obliged to refer to the rate of exchange, it must be recollected that what is universally meant by par is the promise to pay, in another place, a quantity of pure silver or gold equal in weight to the quantity of pure silver or gold contained in the coins with which the drawer of the bill of exchange is paid. When bills are drawn at long dates and payable at a distant place, the time which elapses between the purchase of the bill from the drawer and its payment by the drawee must be taken into consideration, in order to calculate what would be an equal exchange, as distinguished from the par of exchange. There is no other difficulty but that of ascertaining their respective weights, in order to calculate the par of exchange between countries having the same standard of value, or in which payments are usually made with the same metal. This being the case in the United States and in France, and the French kilogramme being equivalent to about 15,435 grains troy weight, the *par* of exchange of the United States on France is at the rate of about 5 francs and 34½ centimes for a dollar, since the French franc contains 4½ grammes and the United States dollar 371¼ grains of pure silver. Allowing 1¼ per cent. on account of the 90 days which will usually elapse between the day on which the value of a bill payable 60 days after sight is, in our country, paid to the drawer, and the day on which that bill is paid in the other country by the drawee, it will be found that the *equal* exchange between the United States and France is, on such bills, at the rate of francs 5.41 if drawn from the United States on France, and at the rate of francs 5.28 for one dollar if drawn from France on the United States.

But if one of the two metals is, by mint regulations, underrated or excluded in one country, whilst the other metal is in the same manner excluded in another country, the usual payments will be made in different metals in those two countries; and the par of exchange between them must then, as is the case between the United States and England, depend on the relative

value of gold and silver at the time, and vary with every fluctuation of that relative value. These fluctuations are, however, confined within narrow limits; and the medium par of exchange between the United States and England, deduced from the average premium on gold over silver coins in France, is about $4.75 for one pound sterling, or near 7 per cent. above the nominal par assumed in the usual quotations of exchange. It is in those quotations supposed that one pound sterling is equal to $4.44\frac{4}{9}$, or, in other words, that one dollar is equal to 4*s.* 6*d.* sterling. It is not necessary to investigate whether this presumed equality or par was derived from the intrinsic value of some ancient Spanish dollar, no longer current, or whether it was adopted as convenient for the conversion of most of the currencies of the British colonies into British currency. It is certain that this imaginary par does not even correspond with that which, though erroneously, might be deduced from comparing separately the gold and silver coins of the two countries with each other respectively; since this would be, if comparing gold to gold, about $4.56, and if comparing silver to silver (at the former rate of 62 shillings sterling for one pound troy weight of silver, old British standard), about $4.63 for a pound sterling. The dealers in exchange are at no loss to make their calculations, whatever rate may be assumed as par in the usual quotations; but this puzzles and in various respects misleads those who, without investigation, naturally suppose that what has been assumed as such is the true par of exchange.

The causes of the fluctuations of exchange between distant places in an extensive country, or between different countries, are of the same nature, and may occasion a similar transportation of the precious metals from one place to another. We will hereafter examine how that from one part of the United States to another has been effected by the Bank of the United States. But there is this difference between a commercial distress and presumed scarcity of currency, due to internal causes, whilst the foreign exchanges remain favorable, and a similar distress arising from large foreign debts, and accompanied by an unfavorable rate of exchange, that in the last case there is an exportation of the coins of the country which cannot take place in

the first. If the same effects in other respects are nevertheless the same in both cases; if in both the same, and sometimes general, distress equally prevails; if the same difficulty occurs in the payment of debts; if the same complaint is made of want of money, whether specie is exported or not, it is obvious that there must be another cause, besides an actual scarcity of currency, for the real distress which is felt, and that what is called "want of money" is not "want of currency." It will be found that this cause is universally overtrading, and that the want of money, as it is called, is the want of exchangeable or salable property or commodities, and the want of credit. The man who says that he wants money could at all times obtain it if he had either credit or salable commodities.

Overtrading consists in undertakings or speculations of every possible description which fail altogether, or of which the returns are slower than, under sanguine expectations, had been calculated, or the proceeds of which (too many, tempted by temporary high prices or profits, having embarked in the same branch of business) greatly exceed the demand, and glut the market. A great loss may be experienced by those who have entered into any such undertakings with their own resources; but when resting principally on credit, and pursued at the same time by a great portion of the dealers or men of enterprise, a general impossibility of fulfilling previous engagements takes place, which affects even those who are ultimately solvent. When that mutual confidence which is the sole foundation of credit is once shaken, the capitals that are usually loaned can no longer be obtained, the usual amount of bills of exchange, discounted notes, or other commercial papers founded on credit is lessened, and specie or currency itself becomes comparatively scarce, partly because some is hoarded, principally because a portion of its substitutes is withdrawn from circulation. Yet specie, under those circumstances, acts but a subordinate part its scarcity being the effect, and not the cause, of the evil, and the remedy to this consisting in restoring credit and confidence, which will always procure a sufficient amount of currency, and not in an attempt to increase the quantity of currency, which can produce no substantial benefit until confidence is restored.

When it consists of paper founded on credit, any increase is inefficient for remedying the evil, unless it be issued by an institution the credit of which has, in the general wreck, remained unaffected and unimpaired.

The commencement of the year 1793 was, in England, a season of great and universal commercial distress. It had, as usual, been preceded by a period of great apparent prosperity, which had stimulated overtrading; and this had been followed by its unavoidable consequences. More than one hundred country banks failed or suspended their payments; the distress was general, the credit of solvent houses was affected, the usual accommodations which enabled them to have their bills discounted, and to meet the demands against them, were withdrawn, and the complaint of *want of money* was universal. Under those circumstances, government interfered, and loaned, or offered to loan, to solvent dealers five millions sterling in exchequer bills. The remedy was effectual; the whole amount offered to be loaned was not even applied for; and in a very short time confidence was restored, and every one who was not actually insolvent was able to meet his engagements. But exchequer bills are not currency, but only a promise to pay currency at the end of one year. Government did not lend currency or add a single shilling to its amount. The credit of individuals had received a severe and general shock, and that of government, which was unimpaired, was substituted for private credit. Those who had capital to lend, and would not advance it on private security, or who, in other words, would not discount the bills of individuals, lent that capital, or the currency which was wanted, on public security, or, in other words, discounted the exchequer bills, that is to say, the bills of government. The distress, the pretended want of money, was relieved, not by any additional issues of currency, the amount of which must therefore have been sufficient, but by restoring private confidence and private credit.

It is also evident that what was then effected by government might have been done by the Bank of England, had that institution, more sparing of its resources during the preceding period of prosperity and incautious enterprise, been enabled, when the revulsion took place, to lend its credit to solvent houses,

by discounting their bills, and increasing its issues of paper currency. It may be presumed that, having already overstrained its resources, the bank could not have done this without endangering its own credit and running the risk of being unable to pay its own notes, if their amount was increased. But the mode adopted by government, and which proved so efficacious, makes it obvious that, had the bank been enabled, without the aid of the treasury, to relieve the distress, and what was called the want of money, the relief afforded would have been the result much less, if at all, of the enlarged issues of bank-notes, than of the bank lending its credit to those solvent dealers whose credit was impaired.

As a bank cannot increase its discounts without increasing its circulation, the two operations, being in its hands inseparable, are generally confounded. The manner in which the British government afforded relief in the year 1793 conclusively proves that they are essentially distinct, even in a country where the currency consists principally of paper founded on credit, and that the demand always made on banks in times of pressure, for enlarged issues of bank-notes, is not a demand for currency but for credit. Cautious and well-directed banks will always afford great relief in such times, if enabled by the previous prudent administration of their affairs to lend their credit to solvent dealers; which cannot be done without enlarging their issues. If, on the contrary, this has already been done to its utmost extent, if during a period of high prices and great apparent prosperity, the spirit of enterprise, naturally excited by that state of things, and which required then to be checked, has, on the contrary, been stimulated by incautious loans and consequent issues of paper on the part of the banks, the result will be, and has everywhere always been, as fatal as unavoidable. When the revulsion takes place, when, from excessive competition or imprudent speculation, the market becomes glutted with a superabundance of any species of commodity, often in the United States of land itself, or when, from want of skill or any other cause, undertakings have altogether failed, or when the slow returns of such undertakings require years to be realized, and both capital and credit are exhausted; at the very time when

the aid of banks would be most wanted, those institutions, prematurely disabled, instead of simultaneously enlarging their issues, and lending their credit to solvent but embarrassed dealers, manufacturers, and farmers, are compelled in self-defence to contract their issues and loans, and thus greatly to aggravate the evil which they had at least neglected to check, if they were not instrumental in its growth.

In countries, therefore, the currency of which consists principally of bank paper, banks will have a beneficial or pernicious influence on credit, and on a currency depending on credit, according to the manner in which they may be administered; useful when their operations, in prosperous times and whilst under their control, are regulated by probity, great discretion, and skill, pernicious when their administration is defective in any of those respects. But in countries where the currency consists wholly or principally of the precious metals, and where bankers lend money or discount bills, but do not issue a paper currency, the two operations are never confounded; and although not exempt from commercial revulsions, these will be of less common occurrence, and have little or no influence on currency itself.[1] It may be confidently affirmed that the precious metals, under any circumstances whatever, and amidst all the temporary fluctuations arising from a disproportion between supply and demand, continue to be a more permanent standard of value than any other commodity, or any species of paper resting on an element so variable as credit.

We cannot conceal from ourselves that specie-paying banks are not only exposed to extraordinary drains from abroad, but are also occasionally controlled by moral causes, the effects of which cannot be calculated, nor without great skill and discretion be always prevented. These never affect a metallic currency, which has an intrinsic value, varying less than that of any other commodity, and not at all depending, as paper, on confidence, fear, conjectures, or any of the fluctuations of public opinion. It is equally clear that extraordinary drains of specie,

---

[1] See hereafter Mr. Baring's evidence, and Mr. Tooke, respecting the effect of a metallic currency in France.

occasionally inconvenient when the currency is purely or principally metallic, may be fatal to one which consists of bank-notes convertible at will into specie. Supposing the currency of a country to consist of one hundred millions, a drain of twenty millions from abroad would produce great inconvenience, but not beyond that of contracting the metallic currency to that extent, until commerce had supplied the deficiency. But, if consisting of bank-notes, sustained by twenty millions of specie in the vaults of the banks, the basis being withdrawn, the whole fabric is at once overthrown, and specie payments must be suspended.

One of the most fatal effects of that suspension is the great and unavoidable distress which attends a return to a specie currency, particularly when the suspension has been of long continuance. Whilst this lasts, the loss falls on the creditors; but new contracts are daily made, founded on the existing state of the currency; and should the suspension continue twenty years, as was the case in England, as almost all the contracts in force and not yet executed, at the time when specie payments are resumed, must have been made when the currency was depreciated, the obligation to discharge them in specie is contrary to equity, falls on the debtors, who are always the part of the community less able to bear the burden, and proves more calamitous than the suspension had been. Short in duration as this had been in the United States, the effect was sensibly felt; and to this cause, which also occasioned the failure of a number of new banks, must in a great degree be ascribed the general distress of the years 1818–1819. The *relief* laws of some of the States, and in England the corn laws, may be traced to the same source. In that country, after so long a suspension of specie payments, the calamity has necessarily been far more extensive and lasting. It is yet felt, and many still seek for remedies worse than the evil, and call for small notes, excessive issues, and all those measures which would necessarily lead again to an inconvertible paper money.

Considerations of this nature may well have suggested to the committee of the House of Representatives the question whether a metallic currency would not, in the United States, have been

preferable to one consisting of bank-notes. We would incline to the affirmative if the system was not already established, and if we believed that an attempt to return to a pure metallic currency, which could not, without producing great evils, be carried suddenly into effect, was at all practicable. Were not this the case, we would think that a system of commercial credit founded on deposits, bills of exchange, and other negotiable paper, such as is carried on by the bankers of London, and by all the bankers of the Continent of Europe, neither of whom issues any notes in the shape of currency, would afford to commerce, at least in commercial cities, nearly, if not altogether, the same accommodations and advantages which are found in the present system. Commercial revulsions and numerous failures amongst dealers, as they may occur wherever there has been excessive overtrading, though less frequent, do nevertheless occasionally take place in countries which have only a metallic currency. But their effect is generally confined to the dealers, extending but indirectly and feebly to the community, and never affecting the currency, the standard of value, or the contracts between persons not concerned in the failures. It must be allowed at the same time that in the country, where the system of deposits cannot exist to the same extent as in cities, banks soberly and skilfully administered stimulate industry by the facility which their loans afford to men of enterprise, and that the ability of those banks to make those advances would be much curtailed if altogether precluded from issuing notes.

A very ingenious plan was proposed by Mr. Ricardo, and has since been expounded and defended with great talent by Mr. McCulloch, intended to afford security against the dangers to which every system of paper currency heretofore devised is exposed. It is not applicable to the United States, as it is founded on the exclusion of gold and silver *coins*, which, by our Constitution, are alone a legal tender. Some plausible objections have been made to it, which, for that reason, it is not necessary to discuss; and we will only give the outline of the plan.

It consists in the total exclusion of a metallic currency, with the exception perhaps of the silver necessary for small payments, in making the notes of the Bank of England a legal tender, and

in imposing on that institution the obligation to pay them, on demand, in gold bars of the proper standard. This last provision would be sufficient to prevent any depreciation of the notes, whilst, on the other hand, the gold bars paid by the bank could not, either directly, or by being converted into coin, take their place and add anything to the amount of the currency. Any call on the bank for gold would therefore necessarily lessen that amount, and must also necessarily cease whenever this was somewhat less than the amount in value, which is indispensable in England for the payments in currency. For whenever this point is reached, the notes must be worth at least as much as their nominal value in gold at its ordinary price; and, in the case of unfavorable exchanges, the drain must altogether cease as soon as the currency is sufficiently contracted to have raised its value to a rate corresponding with that of exchange. The inconvenience of that contraction would not, it seems, be greater than if the currency was purely metallic. Supposing forty millions sterling to be the minimum of the absolutely necessary currency under an unfavorable state of foreign exchanges, the community would be protected against the danger of any depreciation in the nominal value of the notes, and the bank, under any circumstances whatever, against a drain that could compel it to suspend its payments, provided the value of the gold bars in its vaults was always equal to the excess of its issues over forty millions. The plan was carried into effect, during a short period, by the Bank of England, and then discontinued, for reasons which have not been explained, and which it would be interesting to understand.

It is well known that the Bank of England, three banks in Scotland, and the Bank of Ireland are the only chartered banking institutions in the United Kingdom. The capital of the Bank of England, amounting now to fourteen millions pounds sterling, has been loaned altogether to government, at an interest of 3 per cent., and is not to be reimbursed till the expiration of the charter. All the other banks of England, commonly called country banks, consist of private copartnerships, without

any determined capital, and the members of which are liable to the same responsibilities as any other commercial houses. With the exception of Mr. Girard's bank, all the banks established in the United States are joint stock companies incorporated by law, with a fixed capital, to the extent of which only the stockholders are generally responsible.[1] The business of all those banks consists in receiving money on deposit, in issuing bank-notes, and in discounting notes of hand or bills of exchange. A portion of the capital is sometimes vested in public stocks; but this is not obligatory; and in this they differ essentially from the Bank of England. The capital of this institution, being loaned to government, and not depending on the solidity of the paper discounted, affords a stable guarantee to the holders of notes and to the depositors. The bank can loan to individuals, or advance to government (beyond its capital as above mentioned), nothing but the difference between the aggregate of its notes in circulation, and of the credits in account current on its books, and the amount of specie in its vaults. But the American banks lend to individuals not only that difference, but also the whole amount of their capital, with the exception only of such portion as they may find it convenient but are not obliged to vest in public stocks. It follows that the security of the holders of notes, and of the depositors generally, rests exclusively on the solidity of the paper they have discounted. It might seem, on the other hand, that, as the Bank of England cannot apply its original capital to any immediate use, whilst the American banks may, by curtailing their discounts, call in their capital on any emergency, they might, without risk, put in circulation a greater proportionate amount of notes. But such curtailment can never be made to any considerable extent without causing much distress; and, in point of fact, a large portion of their loans consists of what the merchants consider as permanent accommodation, and, in the country, often rests on real security. This departure from what has been generally deemed the true banking principle must, it is believed, be ascribed to the original disposition of the capital.

---

[1] The stockholders are made personally responsible in some of the States.

Whenever, therefore, an American bank is in full operation, its debts generally consist, 1st, to the stockholders, of the capital; 2d, to the community, of the notes in circulation and of the credits in account current, commonly called deposits; and its credits, 1st, of discounted notes or bills of exchange and occasionally of public stocks; 2d, of the specie in its vaults and of the notes of, and balances due by, other banks; 3d, of its real estate, either used for banking purposes or taken in payment of debts. Some other incidental items may sometimes be introduced; a part of the capital is occasionally invested in road, canal, and bridge stocks, and the debts, secured on judgments, or bonds and mortgages, are generally distinguished in the official returns of the banks. In order to give a clear view of the subject, we annex an abstract of the situation of the thirty-one chartered banks of Pennsylvania in November, 1829.

Capital[1]		$12,032,000
Notes in circulation	$7,270,000	
Deposits	8,758,000	16,028,000
Surplus funds		1,142,000
		$29,202,000
Bills discounted		$17,526,000
Public stocks[2]		
Road, canal, and bridge stocks		4,620,000
Debts secured on mortgages, &c.		
Real estate		1,310,000
Notes of other banks		
And due by other banks		3,338,000
Specie		2,408,000
		$29,202,000

It will be easily perceived, 1st, that what is called the surplus,

[1] Deducting so much of their own stock as has been purchased by the banks. For want of materials, a similar deduction has not been made in the subsequent statements.

[2] The public stocks are not distinguished from others in the statement of the Bank of Pennsylvania. Those held by the other banks amount to $1,588,000.

and sometimes the reserved or contingent fund, is nothing more than that which balances the account, or the difference between the debits and credits of the banks; and that, in order to be enabled to repay, at the expiration of the charter, to the stockholders the full amount of their stock, that fund or difference ought in every sound bank to be sufficient to cover all the bad debts and all the losses which may be incurred on the sale of the various stocks held by it, and of its real estate; 2dly, that the deposits may at any time be converted into bank-notes, and that both ought, in correct language, to be included under the denomination of circulation; 3dly, that the notes of other banks on hand form no part of the circulation, and ought, when considering the banking system as a whole, to be deducted from the amount of the notes in circulation; and that for the same reason, inasmuch as the balances due to other banks by the several banks are included in the deposits, the balances due by such other banks ought also to be deducted from that item, which would reduce the aggregate of those two items in the preceding statement from 16,028,000 to 12,690,000 dollars; 4thly, that the capital is the only item in the account apparently invariable, though it may occasionally be increased by legislative permission, and lessened by purchases of their own stock by the banks; and that all the other items are variable, and do vary according to the operations of the banks; 5thly, that supposing the second and third items of credits to remain the same, the circulation or aggregate of deposits and notes in circulation cannot be either increased or decreased without a corresponding decrease or increase either of the bills discounted, or of the specie, or of both; 6thly, that by limiting by law the amount of the debts due to the banks, as included in the two first items of the credits, to a sum bearing a certain ratio to the capital, and by likewise limiting in a similar manner the gross amount of the notes in circulation, both which limitations are always under the control of the banks, excessive issues may be prevented; 7thly, that if the situation of the banks of Pennsylvania in the aggregate be taken as a proper basis for those limitations, the whole amount of debts due to a bank ought not to exceed twice, nor the gross amount of its notes in circulation

two-thirds of, the amount of its capital. But it must not be forgotten that, although those limitations would be useful in checking the amount of loans and issues, the ultimate solvency of a bank always depends on the solidity of the paper it discounts.

The capital of the State banks existing in the year 1790 amounted to about 2,000,000 of dollars. The former Bank of the United States was chartered, in 1791, with a capital of 10,000,000. The charter was not renewed; but in January, 1811, immediately before its expiration, there were in the United States eighty-eight State banks, with a capital of 42,-610,000 dollars, making then, together with that of the national bank, a banking capital of near 53,000,000. In June, 1812, war was declared against England; and in August and September, 1814, all the banks south and west of New England suspended their specie payments.

It has always been found difficult to ascertain with precision the causes which in each special case produce an extraordinary drain of specie and compel a bank to suspend its payments. Although it clearly appears that very large and unforeseen advances to government were the immediate cause of the suspension of the payments of the Bank of England in the year 1797, it would seem at this distance of time to have been easy to prevent that occurrence. The bills of exchange from abroad on government or any other floating debt, for the payment of which the bank was required to make those advances, might with facility have been converted into funded debt. And when we find that in less than seven months after the suspension the bank declared, by a solemn resolution, that it was enabled to issue specie, and could with safety resume its accustomed functions if the political circumstances of the country did not render it inexpedient, it is hardly possible to doubt that the suspension, in its origin as well as in its continuance, was a voluntary act on the part of government. Opinions are, however, divided to this day on that subject, and some distinguished English writers ascribe that event to some unaccountable panic. There can be no doubt that there was a great and continued run on the bank for specie prior to the suspension; and what renders the transaction still more inexplicable is that almost imme-

diately, and during some years after the suspension had actually taken place, the bank-notes, though no longer convertible into specie, were at par. The question is not free of difficulty as respects the similar event in the United States.

The following reasons were assigned by the directors of the chartered banks of Philadelphia in an address to their fellow-citizens, dated the 30th of August, 1813:

"From the moment when the rigorous blockade of the ports of the United States prevented the exportation of our produce, foreign supplies could be paid for in specie only, and as the importation of foreign goods in the Eastern States has been very large, it has for many months past occasioned a continual drain from the banks. This trade has been much increased by a trade in British government bills of exchange, which has been extensively carried on, and has caused very large sums to be exported from the United States.

"To meet this great demand for specie, the course of trade did, for a considerable time, enable us to draw large supplies from the Southern States; but the unhappy situation of affairs there having deprived us of that resource, and circumstances having occurred which have in a considerable degree occasioned alarm and distrust, it became a serious consideration whether the banks should continue their exertions to draw within their vaults the specie capital of the country, and thus facilitate the means of exporting it from the United States, or whether they should suspend the payment of specie before their means were exhausted."

The great drain from the East, alluded to by the Philadelphia banks, is proved by the comparative view of the specie in the vaults of the banks of Massachusetts in June, 1814, immediately before the suspension of payments, and on the same days of the preceding and succeeding years.

This amounted on the	1st	of	June,	1811, to	$1,709,000
"	"	"		1812, "	3,915,000
"	"	"		1813, "	6,171,000
"	"	"		1814, "	7,326,000
"	"	"		1815, "	3,915,000
"	"	"		1816, "	1,270,000

And the fact that a large amount of British government bills was sent to this country from Canada in the years 1812–1814 and sold at 20 and 22 per cent. discount, is corroborated by authentic information from several quarters. Other causes, however, concurred in producing the suspension of specie payments.

1. The circulating capital of the United States, which must supply the loans required in time of war, is concentrated in the large cities, and principally north of the Potomac. The war was unpopular in the Eastern States; they contributed less than from their wealth might have been anticipated; and the burden fell on the Middle States. The proceeds of loans (exclusively of Treasury notes and temporary loans) paid into the Treasury from the commencement of the war to the end of the year 1814 amounted to forty-one millions ten thousand dollars.

Of that sum the Eastern States lent . . .	$2,900,000
New York, Pennsylvania, Maryland, and the District of Columbia,	35,790,000
The Southern and Western States . . .	2,320,000

The floating debt, consisting of outstanding Treasury notes and temporary loans unpaid, amounted, on the 1st of January, 1815, to eleven millions two hundred and fifty thousand dollars, about four-fifths of which were also due to the Middle States. Almost the whole of the large amount advanced to government in those States was loaned by the cities of New York, Philadelphia, and Baltimore, and by the District. The banks made advances beyond their resources, either by their own subscriptions or by enlarging their discounts in favor of the subscribers. They, as well as several wealthy and patriotic citizens, displayed great zeal in sustaining government at a critical moment, and the banks were for that purpose compelled to enlarge their issues.

2. The dissolution of the Bank of the United States deprived the country of a foreign capital of more than seven millions of dollars vested in the stock of that institution, and which was accordingly remitted abroad during the year that preceded the war. At the same time the State banks had taken up a considerable part of the paper formerly discounted by that of the United States. As the amount of this exceeded fifteen millions,

their aid in that respect was absolutely necessary in order to prevent the great distress which must have otherwise attended such diminution of the usual accommodations.

3. The creation of new State banks in order to fill the chasm was a natural consequence of the dissolution of the Bank of the United States. And, as is usual under such circumstances, the expectation of great profits gave birth to a much greater number than was wanted. They were extended through the interior parts of the country, created no new capital, and withdrew that which might have been otherwise lent to government, or as profitably employed. From the 1st of January, 1811, to the 1st of January, 1815, not less than one hundred and twenty new banks were chartered and went into operation, with a capital of about forty, and making an addition of near thirty millions of dollars to the banking capital of the country. That increase took place on the eve of and during a war which did nearly annihilate the exports and both the foreign and coasting trade. And, as the salutary regulating power of the Bank of the United States no longer existed, the issues were accordingly increased much beyond what the other circumstances already mentioned rendered necessary. We have obtained returns of the circulation and specie for the latter end of the years 1810, 1814, and 1815, though not all of the same precise date, of a sufficient number of banks to enable us to make an estimate of the whole, which cannot vary essentially from the truth. Our returns of the amount of deposits are too partial for insertion; our authentic returns embrace generally the States of Massachusetts, New Hampshire, Rhode Island, Pennsylvania, Maryland, Virginia, and the District of Columbia, and give the following result:

	Capital.	Notes in Circulation.	Specie.
On or near 1st January, 1811— 50 State banks . . .	24,618,551	13,170,401	5,673,442
1815—120 " " . . .	45,272,076	23,617,090	11,505,077
1816—134 " " . . .	47,987,826	31,702,050	8,758,133

Having the amount of the capital and a few general returns of all the other banks, partly guided by analogy and partly by

their respective dividends, we annex the following estimate of the whole:

	Capital.	Notes in Circulation.	Specie.
1st January, 1811—Bank of the United States . . .	10,000,000	5,400,000	5,800,000
88 State banks	42,610,601	22,700,000	9,600,000
Total . . .	52,610,601	28,100,000	15,400,000
1815—208 State banks	82,259,590	45,500,000	17,000,000
1816—246 " "	89,822,422	68,000,000	19,000,000

The unequal distribution of the specie on the 1st of January, 1815, must be recollected.

	Capital.	Circulation.	Specie.
At that time the banks of the four States of Maine, Massachusetts, Rhode Island, and New Hampshire had	$15,690,000	5,320,000	8,200,000
The States of Pennsylvania and Maryland, with the District of Columbia, had	26,000,000	13,750,000	3,000,000
And all the other States	40,930,000	25,630,000	5,800,000

The increase of issues from forty-five and a half to sixty-eight millions, or of about 50 per cent., within the first fifteen months of the suspension of specie payments, was the natural consequence of that event. We must observe that, where we were obliged to resort to an estimate, the amount of bank-notes is set down rather too low than too high. Yet we are confident that for the three dates we have given the actual amount cannot have exceeded thirty, forty-seven, and seventy millions respectively. This last sum falls very short indeed of the one hundred and ten millions which were supposed to have been put in circulation by the banks, but is quite sufficient to account for the depreciation. It is equal to the present amount of the currency; and as the increase of wealth during the last fourteen years has at least been in the same proportion as that of the population, the amount which could have been wanted at that time may be estimated at about forty-six millions, including both paper and specie. It is therefore clear that the equal amount in bank-notes alone, which had been put in circulation by the State banks before the year 1815, was more than could have been long sustained, preserving at the same time their convertibility into specie. Under those circumstances the alarm caused by the

capture of Washington and the threatened attack on Baltimore was sufficient to cause a suspension of specie payments. It took place at that particular crisis, and appears to have originated in Baltimore. The example was immediately followed in Philadelphia and New York; and it is indeed known that an attack was apprehended on both those places, and that some of the banks of Philadelphia had sent their specie to Lancaster.

We have stated all the immediate and remote causes within our knowledge which concurred in producing that event; and although the effects of a longer continuance of the war cannot be conjectured, it is our deliberate opinion that the suspension might have been prevented at the time when it took place had the former Bank of the United States been still in existence. The exaggerated increase of State banks, occasioned by the dissolution of that institution, would not have occurred. That bank would, as before, have restrained within proper bounds and checked their issues; and, through the means of its offices, it would have been in possession of the earliest symptoms of the approaching danger. It would have put the Treasury Department on its guard; both acting in concert would certainly have been able at least to retard the event, and, as the treaty of peace was ratified within less than six months after the suspension took place, that catastrophe would have been altogether avoided.

We have already adverted to the unequivocal symptoms of renewed confidence shown by the rising value of bank-notes which followed the peace. This would have greatly facilitated an immediate resumption of specie payments, always more easy and attended with far less evils when the suspension has been of short duration. The banks did not respond to that appeal made by public opinion; nor is there any evidence of any preparations or disposition on their part to pay their notes in specie until after the Act to incorporate the new Bank of the United States had passed. We are inclined to ascribe this principally to the great difficulty of bringing the various banks in our several commercial cities to that concert which was indispensable. But it cannot be concealed that, in such a situation, the immediate and apparent interest of the banks is in opposition to that of the public. It is well known that the Bank of England, though

apparently disposed at first to resume its specie payments, found a continued suspension extremely convenient and profitable; that during that period of twenty years its extraordinary profits, besides raising the usual dividend from 7 to 10 per cent., amounted to thirteen millions of pounds sterling, and that it accordingly threw obstacles in the way of the resumption. The State banks of the United States were only inactive in that respect, and did not impede that desirable event; but they used the advantages incident to the situation in which they were placed; and to what extent their issues were generally increased has already been shown.

It will not be asserted that any reasonable expectation could have been entertained of a voluntary return on the part of the State banks to a sound currency, unless the depreciation had become so great as to induce the community at large to reject their notes. Whether this arose from inability or unwillingness, a remedy was equally necessary. Congress does not appear to have inquired whether they had the right to exercise any immediate control over the issues of those banks; and the question seems to have lain between the establishment of a national bank and an attempt to force the State banks to pay in specie, by the refusal of their notes in payment of debts and duties due to the United States so long as those notes were not on demand discharged in specie. It is clear that such an attempt must have failed altogether during the year that followed the peace, and so long as the expenses of government greatly exceeded its receipts. The bank was chartered in April, 1816, and it must forever remain conjectural whether, if that measure had not been adopted, and after the floating debt and all the arrearages of the war had been paid or funded, and the receipts of the Treasury had become greater than its disbursements, an attempt on the part of the government to collect the revenue and to discharge the public expenses in specie would have compelled the State banks to resume generally specie payments. It cannot, at all events, be doubted that the result was quite uncertain, and that the attempt might have failed at the very outset from the want of any other currency than bank-notes. It is indeed quite probable that in that case the impossibility to collect the revenue

might have induced government merely to substitute an issue of its own paper to that of the banks.

It will be found by reference to the report of the Secretary of the Treasury of December, 1815, that his recommendation to establish a national bank was in express terms called "a proposition relating to the national circulating medium," and was exclusively founded on the necessity of restoring specie payments and the national currency. He states it as a fact, incontestably proved, that the State banks could not at that time be successfully employed to furnish an uniform national currency. He mentions the failure of one attempt to associate them with that view; that another attempt, by their agency in circulating Treasury notes, to overcome the inequalities of the exchange has only been partially successful; that a plan recently proposed, with the design to curtail the issues of bank-notes, to fix the public confidence in the administration of the affairs of the banks, and to give to each bank a legitimate share in the circulation, is not likely to receive the general sanction of the banks; and that a recurrence to the national authority is indispensable for the restoration of a national currency. Such was the contemporaneous and deliberate opinion of the officer of the government who had to struggle against the difficulties of a paper currency not only depreciated, but varying in value from day to day and from place to place.

[1]It was not till after the organization of the Bank of the United States, in the latter part of January, 1817, that delegates from the banks of New York, Philadelphia, Baltimore, and Virginia assembled in Philadelphia for the purpose of agreeing to a general and simultaneous resumption of specie payments. A compact proposed by the Bank of the United States, acceded to by the State banks, and ratified by the Secretary of the Treasury, was the result of that convention. The State banks engaged to commence and continue specie payments on various conditions relative to the transfer and payment of the public balances on their books to the Bank of the United States, and to the sum

[1] The following details are borrowed from the pamphlet signed "Monitor," which is well known to have come from an authentic source.

which it engaged previously to discount for individuals, or under certain contingencies for the said banks, and also with the express stipulation that the Bank of the United States, upon any emergency which might menace the credit of any of the said banks, would contribute its resources to any reasonable extent in support thereof, confiding in the justice and discretion of the banks respectively to circumscribe their affairs within the just limits indicated by their respective capitals, as soon as the interest and convenience of the community would admit. To that compact, which was carried into complete effect, and to the importation of more than seven millions of dollars in specie from abroad by the Bank of the United States, the community is indebted for the universal restoration of specie payments, and for their having been sustained during the period of great difficulty and of unexampled exportation of specie to China which immediately ensued.

Among the difficulties which the bank had to encounter must be reckoned the effort made to alleviate the distress which always attends the return from a depreciated to a sound currency. The Western States having less capital are in the course of trade generally indebted to the Atlantic seaports. Whether owing to larger purchases of public land than usual, to an excited spirit of enterprise, or to any other cause, it appears that at that time the amount of debts due by the West, either to the East or to government, was unusually large. The several Western offices of the Bank of the United States discounted largely, probably to too great an extent. The Eastern creditors were generally paid, the Western State banks relieved, and the debt transferred to the bank. Thus we find that the issues of the Bank of Kentucky, which in 1816 exceeded one million nine hundred and fifty thousand dollars, were in 1819 reduced to six hundred and seventy thousand dollars. This could not be done without large issues of branch notes or of drafts on the parent bank and the Northern offices, which drained these of their capital.[1] Although great curtailments had taken place, near six millions and a half of dollars of the capital of the bank

[1] Mr. Cheves's Exposition.

were, in the spring of the year 1819, distributed amongst the interior Western offices, whilst the whole amount allotted to the offices north and east of Philadelphia was less than one million. The proper equilibrium could not be reinstated without a revulsion and an uncommon pressure on the West, in order to lessen the amount of its debt. The attempts to counteract that effect by the creation of a great number of local banks could not but fail, and must have aggravated instead of relieving the evil. The unpopularity which attached to the Bank of the United States when it found itself compelled to enforce the payment of such a large debt, and the attempt to alleviate the distress by relief laws, which, though injudicious, ought not in that state of things to be too severely judged, are well known, and were the natural consequences of the course which had been originally pursued.

The year 1819 having been one of great difficulty, we annex an estimate of the situation of the banks for the latter end of it. The Secretary of the Treasury gave a partial one in his report on currency of the year 1820, to which we have made some additions and corrections from bank returns of a nearer date to the 1st of January, 1820, than he had then obtained. The portion on estimate embraces almost the whole of the banks of Connecticut, New Jersey, New York, and Maryland, Mr. S. Girard's, about one-half of those of South Carolina, Louisiana, and Alabama, and one-fourth of those of Kentucky. The returns of those of the other States are complete.

1st January, 1820.	Capital.	Notes in Circulation.	Deposits.	Specie.
212 ascertained State banks . . .	$62,735,842	$26,641,574	$19,444,959	$10,672,263
95 estimated State banks . . .	39,374,769	14,000,000	11,800,000	6,000,000
307 State banks . .	$102,110,611	$40,641,574	$31,244,959	$16,672,263
United States Bank . . .	35,000,000	4,221,770	4,705,511	3,147,977
Total	$137,110,611	$44,863,344	$35,950,470	$19,820,240

It appears from that statement that the amount of notes in circulation was only about one million less than immediately before the suspension of specie payments, whilst on the other hand the amount of specie in the vaults of the banks was nearly two millions greater. But it has been seen that on the 1st of January, 1816, the paper currency amounted to sixty-eight millions. So great a reduction in the issues of the banks could not have been effected without a corresponding diminution of their discounts. Debts contracted during the suspension of specie payments, and whilst the currency was depreciated, became payable at par. The distress, therefore, that took place at that time may be clearly traced to the excessive number of State banks incorporated subsequently to the dissolution of the first Bank of the United States and to their improvident issues. Those of the country banks of Pennsylvania alone amounted, in November, 1816, to $4,756,460, and had been reduced in November, 1819, to $1,318,976. A committee of the Senate of that State, appointed in December, 1819, to inquire into the extent and causes of the present general distress, ascribe it, as we do, to the improvident creation of so many banks, as will appear from the following extract from their report:

"At the following session the subject was renewed with increased ardor, and a bill authorizing the incorporation of forty-one banking institutions, with capitals amounting to upwards of seventeen millions of dollars, was passed by a large majority. This bill was also returned by the governor with additional objections; but two-thirds of both Houses (many members of which were pledged to their constituents to that effect) agreeing on its passage, it became a law on the 21st of March, 1814, *and thus was inflicted upon the Commonwealth an evil of a more disastrous nature than has ever been experienced by its citizens.* Under this law thirty-seven banks, four of which were established in Philadelphia, actually went into operation."

The numerous failures which had preceded the year 1819, or have since taken place, have also been principally due to the same causes. We have an account of 165 banks that failed between the 1st of January, 1811, and the 1st of July, 1830. The capital of 129 of these amounted to more than twenty-four

millions of dollars stated as having been paid in. The whole amount may be estimated at near thirty millions; and our list may not be complete. The capital of the State banks now existing amounts to about 110 millions. On a total capital of one hundred and forty millions the failures have amounted to thirty, or to more than one-fifth of the whole. Of the actual loss incurred we can give no account. There are instances in which the stockholders, by paying for their shares in their own notes, and afterwards redeeming their notes with the stock in their name, suffered no loss; and this fell exclusively on the holders of bank-notes and depositors. In many cases, where the whole stock has been lost, the holders of notes have nevertheless experienced a partial loss. In the most favorable cases the stockholders lost a considerable portion of their stock; and all the debts will be ultimately paid. But even then there has been a heavy loss on the community, the notes having been generally sold by the holders at a depreciated rate at the time when the failure took place. We believe that the pecuniary loss sustained by the government on the loans raised during the suspension and from bank failures exceeded four millions of dollars.

The active industry of the country has enabled it to recover from that depressed state; and we will now give a view of the situation of the State banks and of that of the United States at the close of the year 1829. We have returns of two hundred and eighty-one State banks, which have a capital of 95,003,557 dollars. Of the forty-eight other banks we have only the capital, amounting to 15,188,711 dollars, and some incomplete returns; and of thirty banks of the State of New York, of which we have complete returns, fourteen only are for the 1st of January, 1830, the sixteen others being for the 1st of January, 1828. This last circumstance makes the amount of specie appear probably one million of dollars less than it actually was at the end of the year 1829. The forty-eight banks of the situation of which we have no return are distributed as follows, viz.:

In Connecticut	3
New York	7

In New Jersey	13
Pennsylvania[1]	1
Delaware	1
Maryland	4
South Carolina	4
Louisiana (branches of)	1
Alabama	1
Ohio (all)	11
Michigan and Florida	2

Estimating these in the same manner as in the preceding statements, we have the following results:

I. For the States of Maine, New Hampshire, Vermont, Massachusetts, and Rhode Island:

Capital	$30,812,692
Notes	7,394,566
Deposits	4,203,895
Specie	2,194,768

For the States of Connecticut, New York, and New Jersey:

Capital	$26,585,539
Notes	12,737,539
Deposits	14,594,145
Specie	2,841,476

For the States of Pennsylvania, Delaware, Maryland, and the District of Columbia:

Capital	$25,566,622
Notes	11,274,086
Deposits	10,850,739
Specie	4,170,592

For the four Southern States:

Capital	$17,600,129
Notes	12,183,863
Deposits	6,952,194
Specie	3,046,141

[1] Mr. Girard's bank, the capital of which is rated at $1,800,000, being the sum on which the stamp duty was formerly paid.

For the Western States:[1]

Capital	$9,629,286
Notes	4,684,860
Deposits	4,180,146
Specie	2,686,396

II. Distinguishing the cities of Boston, Salem, New York, Philadelphia, Baltimore, Charleston, and New Orleans from the rest.

	Seven Cities.	Remainder of the United States.
Capital	$53,211,605	$56,980,663
Notes	17,144,422	31,130,492
Deposits	23,137,129	17,643,990
Specie	7,258,025	7,681,618

III. Situation of the Bank of the United States on the 1st of November, 1829.

Cr.			Dr.	
Funded debt		$11,717,071	Capital	$34,996,270
Notes discounted	$32,541,124		Notes in circulation	13,048,984
Domestic bills	7,476,321		Deposits	14,778,809
		40,017,445	Balance *in transitu* from bank and offices on each other	732,082
Foreign account		1,161,001	Surplus fund, after deducting losses already chargeable to it, including that of Baltimore	2,766,129
Due from banks	843,551			
Notes of ditto	1,531,528			
		2,375,079		
Specie		7,175,274		
Real estate		3,876,404		
		$66,322,274		$66,322,274

IV. The progressive improvement of the Bank of the United States, and the talent with which it has been administered, are exhibited in the following comparative view of the principal items of its situation on the first days of November, 1819 and 1830:

November 1,	1819.	1830.
Notes discounted on bank stock	$7,759,980	$719,195
Notes discounted on personal security	21,423,622	32,665,035
Domestic bills	1,386,174	7,954,290
Deposits	4,705,512	12,650,752

[1] There are not now any State banks in operation in the States of Kentucky, Indiana, Illinois, and Missouri.

Specie	$3,147,977	$11,436,175
Due to Baring Brothers & Co. . .	2,333,937	
Due from ditto		2,778,653
Bank-notes issued	4,221,770	18,004,680
Deduct in transitu . . .	411,659	2,823,135
In actual circulation . . .	$3,810,111	$15,181,545

V. The following estimate gives the general result for the end of the year 1829 :

	Capital.	Notes.	Deposits.	Specie.
281 banks ascertained .	$95,003,557	$39,174,914	$32,531,119	$11,989,643
48 do. estimated .	15,188,711	9,100,000	8,250,000	2,950,000
329[1].	$110,192,268	$48,274,914	$40,781,119	$14,939,643
United States Bank	35,000,000	13,048,984	14,778,809	7,175,274
	$145,192,268	$61,323,898	$55,559,928	$22,114,917

It will be perceived by the last item of No. IV. that there is always a large amount of the notes of the Bank of the United States, issued and inserted in the usual returns, which are not in actual circulation. They consist of notes received in payment of duties, or otherwise, by other offices than those by which they had been issued, and transmitted back to them. The amount at the end of 1829 is that of the net circulation. On the other hand, the drafts from the bank on offices, and from these on the bank, and on each other, in actual circulation, should, as has been observed, be considered as making part of it. The total annual amount of those drafts is about twenty-four millions of dollars, and they are on an average paid within fifteen days after being issued. The amount always in circulation may, therefore, be estimated at one million, which, added to the thirteen millions of bank-notes, gives fourteen millions for

[1] We have not included in this amount several banks lately chartered, but not in operation on the 1st of January, 1830.

the actual circulation of the bank. We may, therefore, estimate the total amount of the paper currency of the United States on the 1st of January, 1830, at about sixty-two millions and a half.

All the banks receive notes issued by the other institutions, the returns of which, that have been obtained, being incomplete, have not been inserted in the preceding statements. From an examination of a number of these in various sections of the country, and embracing banks with an aggregate capital of more than twenty millions of dollars, we think that the notes of that description make more than one-fifth of the total amount of their issues in those situated north of the Potomac, and about one-eighth in the Southern States. The average of notes of State banks on hand, in the Bank of the United States and its offices, amounted, during the year 1829, to about one million and a half. There is, therefore, always a sum of about nine or ten millions of dollars, or not less than one-seventh part of the whole amount issued, which is not in actual circulation. If the banks did not receive any notes but their own, it would seem that a nearly equal amount of these would be returned upon them, and that the real amount of those in actual circulation should not be estimated at more than fifty-three and a half millions of dollars. We have, however, adopted throughout the usual mode of computation.

If to the amount of notes we add the deposits, we will have a total of either one hundred and eighteen or one hundred and nine millions, according to each of those two modes of computing, for the circulation of all the banks. This is sustained by a sum of twenty-two millions in specie, which makes no part of the circulation. There are no means of ascertaining correctly the portion which consists of the precious metals. The silver coinage of England forms nearly one-seventh part of the whole circulation of that country. At that rate, that of the United States, allowing for the various considerations which may affect the question, cannot be estimated at more than ten millions. It is well known that gold has been altogether excluded by the mint regulations.

We have, therefore, the following results, according to the view of the subject which may be adopted:

Gross amount of notes issued		$62,500,000
Silver coins		10,000,000
Usual mode of computing	1	$72,500,000
And if deposits are included		55,500,000
	2	$128,000,000
But if the bank-notes of other banks on hand are deducted, the notes in circulation will be		$53,500,000
Silver		10,000,000
	3	$63,500,000
And if deposits are included		55,500,000
	4	$119,000,000

Which last appears to us the most correct mode of computation.

Although we have freely expressed our opinion that, taking into consideration all the circumstances which belong to the subject, it might have been preferable in the United States to have had nothing but a metallic currency, we are quite aware that this is not at this time the question. We are only to inquire whether any other or better security can be found than that which is afforded by the Bank of the United States against either the partial failures of banks, the want of an uniform currency, or a general suspension of specie payments. The great difficulty arises from the concurrent and perhaps debatable jurisdiction of the general and State governments: and we are to examine not only what are the provisions necessary to attain the object intended, but also by what authority the remedy must be administered.

The essential difference between banking and other commercial business is that merchants rely for the fulfilment of their engagements on their resources, and not on the forbearance of their creditors, whilst the banks always rely not only on their resources, but also on the probability that their creditors will not require payment of their demands. We have already seen that this probability is always increased or lessened in proportion as the issues of the banks are moderate or excessive. One of the most efficient modes to reduce the amount of bank-notes,

as compared to the total amount of the currency of the country, consists in the increase of the metallic currency which circulates amongst the people, independent of that which is kept in reserve in the vaults of the banks. It is evident that, inasmuch as only a certain amount of sound currency is wanted and can be sustained, that part which consists of bank-notes must be lessened, and thereby made safer, as the metallic portion is increased. Whenever, also, the specie of the banks is drained by any extraordinary demand whatever, delays and often difficulties may arise in the importation of a supply from abroad; which is, however, the only resource when the circulating metallic currency has nearly disappeared.

We have had an opportunity to witness in France the salutary effects of a currency consisting principally of the precious metals, not only in cases of great national difficulty, but also for the specific purpose of reinstating a bank momentarily endangered by over-issues of paper. But we prefer referring to the evidence of a very able and practical witness, who was also deeply interested in the issue, and we will extract this from the work of another distinguished and practical writer.[1]

"Of the comparative facility with which the coffers of a bank which has suffered too great a reduction of its reserves by imprudent issues of paper may be replenished out of a circulation consisting in great proportion of coin, notwithstanding a coincident demand for large payments abroad, a strong instance is afforded in the case of the Bank of France in 1817 and 1818. The circumstance is thus stated in Mr. Baring's evidence in March, 1819. (Vide Report of Lords' Committee on the Resumption of Cash Payments, page 103.) Speaking of a drain which that bank had experienced, he says:

"'Their bullion was reduced by imprudent issues from one hundred and seventeen millions of francs to thirty-four millions of francs, and has returned, by more prudent and cautious measures, to one hundred millions of francs, at which it stood ten days ago, when I left Paris. This considerable change took place since the first week in November, when the amount of

[1] Tooke on Currency.

specie in that bank was at its lowest. It must, however, be always recollected that this operation took place in a country every part of the circulation of which is saturated with specie, and therefore no inference can be drawn in favor of the possibility of so rapid an operation in this country, where, owing to the absence of specie in circulation, the supply must entirely come from abroad; for in Paris, though some portions may have come from foreign countries, the great supply must undoubtedly have come through all the various small channels of circulation through that kingdom.'

"Again, in the same evidence, page 105:

"'Q. Has not France, after two years of great scarcity in corn and two years of foreign contribution, been able to contribute a proportion of the precious metals to the wants of Russia and Austria?

"'A. Undoubtedly the precious metals have been supplied from France to Russia and Austria, and shipped, to a considerable amount, to America, notwithstanding the payments to foreign powers, and very large payments for imported corn, whilst at the same time, wine having almost totally failed for several years past, they were deprived of the most essential article of their export.'

"And in reference to these payments in the preceding answer, Mr. Baring states that they

"'Produced no derangement whatever of the circulation of that country (France).'

"It may not be unimportant further to remark that the state of the currency in France ever since the suppression of the assignats appears to be decisive of the great advantages attending a metallic circulation in times of political difficulty and danger. On no one great occasion did her efforts appear to be paralyzed, or even restricted, by any derangement of the currency; and in the two instances of her territory being occupied by an invading army there does not appear to have been any material fluctuation in its value."

We perceive but two means of enlarging the circulating metallic currency: 1st, the suppression of small notes; 2d, the measures necessary to bring again gold into circulation.

The first measure is that which, after long experience, a most deliberate investigation, and notwithstanding a strenuous opposition by the parties interested, has been finally adopted and persevered in by the government of Great Britain. By the suppression of all notes of a denomination less than £5 sterling in England, Wales, and Ireland, the amount of the circulating metallic currency has become equal to that of bank-notes of every description. That metallic currency consists of eight millions sterling in silver, which is receivable only in payments not exceeding forty shillings, and of twenty-two millions sterling in gold. This measure has given a better security against fluctuations in the currency and a suspension of specie payments than had been enjoyed during the thirty preceding years. In France, where the Bank of France is alone authorized to issue bank-notes, and none of a denomination under five hundred francs, its circulation hardly ever reaches ten millions sterling, or about one-tenth part of the currency of the country. In the United States all the banks issue notes of five dollars. The States of Pennsylvania, Maryland, and Virginia, and perhaps some others, have forbidden the issue of notes of a lower denomination, to the great convenience of the community, and without experiencing any of the evils which had been predicted. We have seen in Pennsylvania the chasm occasioned by that suppression instantaneously filled by silver without the least diminution in the amount of currency. We cannot but earnestly wish that the other States may adopt a similar measure, and put an end to the circulation of the one-, two-, and three-dollar notes, which is of no utility but to the banks. Those small notes are, as a currency, exclusively local, and a public nuisance; and, in case of the failure of any bank, the loss arising from them falls most heavily on the poorest class of the community. We have no other data to estimate the proportion they bear to the whole amount of notes than the returns of the banks of Massachusetts and Maine subsequent to January, 1825, by which it appears that in those States those small notes make one-fifth part of the whole paper currency. But we would wish to go further than this, and, in order to bring gold more generally into circulation, that all notes under the denomination of ten dollars might be sup-

pressed. The five-dollar notes of the Bank of the United States constitute less than one-sixth part of its circulation, and amount in value to two-thirds of that of its ten-dollar notes. From those data, taking into consideration the amount of currency of the States where the small notes do not circulate, and allowing that a portion of the five- would be supplied by ten-dollar notes, the reduction in the amount of the paper currency arising from a suppression of the small notes may be estimated at six, and that produced by the suppression of the five-dollar notes at about seven, millions. Both together would probably lessen the paper currency by one-fifth, and substitute silver and gold coins in lieu thereof.

We have already adverted to the erroneous value assigned to gold coins by the laws which regulate the mint of the United States. The relative value of that metal to silver was, by the law of 1790, fixed at the rate of 15 to 1. In England it was at that time at the rate of 15.2 to 1; and it had in France, after an investigation respecting the market price of both metals, been established at the rate of $15\frac{1}{2}$ to 1, as early as the year 1785. From that to this time gold coins have never been below par in that country, and have generally commanded a premium, varying from one-fifth to one per cent., but which, on an average, has been rather less than one-half per cent. This ratio in all those instances is that of gold to silver coins, but the difference is greater between gold and silver bullion. Whether the expense of coinage is defrayed gratuitously by government or a seigniorage is charged to individuals, coins not debased or deteriorated will almost always command a higher price than bullion containing the same quantity of pure metal, on account of their greater utility and of the cost of coinage. It is only when there is at the same time a redundancy of coin, a scarcity of bullion, and a great demand for plate or other manufactures, that, when the general coinage is sound, coins will be melted, and the price of bullion be equal to that of coins. Should, however, the coinage be deteriorated, new good coins will be melted as soon as they issue from the mint, and there is no remedy but a general recoinage at the public expense. According to the mint laws of England, an ounce of standard gold (con-

taining, like ours, eleven-twelfths pure and one-twelfth alloy) is coined into £3 17*s.* 10½*d.* sterling; and, in the present sound state of its gold coinage, the average price of bullion of the same standard may be estimated as 77*s.* 7½*d.* No solid reason can be assigned why the actual cost of coinage should not be charged by government. In point of fact, the delay of two months which elapse between the deposit of bullion in the mint of the United States and the delivery of the coins, is nearly equal to a charge of one per cent.; but does not assist in defraying the expenses of the mint, and has the disadvantage of being the same on both metals. When the annual silver coinage of our mint reaches three millions of dollars, the expense may be estimated at 1 per cent. The expense on the same value of gold, no silver being coined, would amount to about one-half per cent. The coinage of six millions, half in silver and half in gold, might be estimated at 1 per cent. on the first and one-fifth per cent. on the gold. It is obvious, indeed, that it is more expensive to coin five silver pieces, worth one dollar each, than one gold piece worth five dollars. A seigniorage at the last-mentioned rate might be advantageously substituted to the present mode, and would only require a moderate constant appropriation, that might enable the mint to pay for the bullion at the time, or at least within ten days of its delivery.

In France, the mint allows 3091 francs for each kilogramme of standard gold. This is coined into gold coins of the nominal value of 3100 francs, being a deduction or seigniorage of less than three-tenths per cent. The mint price of standard silver is 197 francs the kilogramme, which is coined into silver coins of the nominal value of 200 francs; the deduction or seigniorage amounting to 1½ per cent. This is too great, and is, at least in part, the cause of the almost constant premium on gold coins. Whilst the relative value of gold to silver coins is fixed at the rate of 15½ to 1, that of gold to silver bullion is at the rate of 3091 : 197, nearly equal to 15.69 : 1. This last ratio cannot essentially differ from the true average market relative price of the two metals, since the mint has been abundantly supplied with both for the last forty-five years.

But whether we estimate that relative value by deducing it

from the premium on the French gold coins, or by assuming that of gold to silver bullion as purchased by the French mint, or at the apparent market rate in England during the three or four last years, which would give respectively the ratios of about 15.6, 15.7, and 15.85 to 1, it is evident that our gold coins are underrated at least 4 per cent. The necessary consequence is the disappearance of gold coins, and their exportation to Europe whenever the exchange will admit of it. According to that regulation, a ten-dollar gold coin, or eagle, contains 270 grains of standard gold; and as the 20 shillings sterling gold coin, or sovereign, contains $123\frac{1}{6}\frac{7}{2}\frac{1}{3}$ grains of gold of the same standard, about $4.56 in gold coin of the United States contain a quantity of pure gold equal to that contained in a sovereign. Allowing 1 per cent. for charges and transportation, our gold coins may commence to be exported to England as soon as the exchange rises to $4.61 per pound sterling; which rate corresponds with nearly $3\frac{3}{4}$ per cent. above the nominal and 3 per cent. below the true par, calculating this at the ratio of near 15.6 to 1, or $4.75 per pound sterling. We find, by the tables of exchange annexed to the report of the Secretary of the Treasury, that, with the exception of the year of the embargo, unless incidentally for a few days, the exchange on London, from 1795 to 1821, never rose to $4.62 per pound sterling, or about 4 per cent. above the nominal par; or, in other words, that during the whole of that period the exchange was constantly favorable to the United States, having never been higher, with the exception aforesaid, than 2 per cent. below the true par. This is the reason why our gold coins, though underrated, were not exported till the year 1821, when the exchange rose from $4.60 to $4.98 per pound sterling, and our gold coins began to be exported, a premium of one-half per cent. upon them being given, when the premium on the nominal par of exchange was 5 per cent., corresponding to an exchange of near $4.67 per pound sterling. From that time to the end of the year 1829 the exchanges have, with few short exceptions, been unfavorable to the United States; and the exportation has continued not only during that period, but also during the last nine months, though the exchange has this year been but little, if any, above the true

par. It is perfectly clear that, whilst our gold coins are thus underrated, they will be exported whenever the exchange rises above $4.61 to $4.64 per pound sterling, and that, if rated according to the true or approximate relative value of gold to silver, they would not be exported to England till the exchange had risen to at least $4.80 to $4.83, or more than 1 per cent. above the true par.

If the intention is to exclude the gold coins altogether, it is quite unnecessary to coin gold. If it is intended that they should make part of the circulation, they must be rated at or near their true relative value. Unless this is done, the circulating metallic never can be sufficiently enlarged to insure to the country a sound currency. The question, whether the two metals should circulate simultaneously, has never been made a matter of doubt when there has been no paper currency. Both are then indispensable, gold for large payments and principally for remittances and travellers, and silver for small daily payments. The Secretary of the Treasury correctly states that "if there were no paper medium like that of the Bank of the United States circulating freely in all parts of the Union, and everywhere convertible into the standard at a very moderate discount, gold coins would be almost indispensable. Without them every traveller, even from State to State, and often from one county to another, must encumber himself with silver, or be exposed to vexatious embarrassments and impositions." A country which wishes to make gold the only standard of value is still compelled to admit a silver coinage for small payments. Where silver is the standard, gold would still be found necessary unless supplied by paper. It is true that so long as five-dollar notes, exchangeable everywhere for specie, do circulate, gold, though rated at its value, will be less in demand, and that many persons will prefer the notes. But even in that case both may at least be permitted to circulate concurrently, leaving to every individual the option of either. At all events, if thus rated, they would assist in filling the vaults of the banks, and thereby throw a larger quantity of silver in circulation.

It has been objected to the simultaneous circulation of the

two metals that the fluctuation in their relative price increases the uncertainty of the standard. This is true, but not to the extent which a first view of the subject may suggest, and even to that extent producing so small an effect that it may be altogether neglected.

There are four contingencies which may cause a fluctuation in the relative price of gold and silver, as *either* may *either* rise or fall, as compared to the value of all other commodities. Supposing a country where silver is made the only legal tender, it is clear that in two of those contingencies, namely, if the price of gold should rise, or if that of silver should fall, every payment would have still been made in silver if both metals had been a legal tender and the option given to the debtors to pay with either. As the probability of those several contingencies is perfectly equal, it follows that in one-half of the fluctuations which may take place in the relative price of the two metals, it is perfectly immaterial whether one or both are made a legal tender. With respect to the two other contingencies: if the price of silver should rise, that of gold remaining the same as compared to all other commodities, the debtors in the country where both metals were a legal tender would pay in gold, and therefore in perfect conformity with the original contract, whilst in the country where silver alone was a legal tender they would be obliged to pay in that metal, that is to say, to pay a greater value than according to the original contract; and, on the other hand, if the price of gold should fall, that of silver, as compared to all other commodities, remaining the same, the debtors would in the country which admitted only silver as a legal tender be obliged to pay in that metal in conformity with the contract, while in the country where both metals were a legal tender the debtors would pay in gold, that is to say, a sum less than according to the contract. Whatever may be the amount of fluctuation, the stability of the standard of value is not, by adopting only one metal as such, improved to a greater extent than has now been stated. But the fact is, that the fluctuations in the relative price of gold and silver coins are so small in a country where the mint is open to all individuals, and under proper

regulations, that, when compared with the variations to which coins issuing from the same mint are liable, they may be altogether disregarded.

It has been sometimes erroneously supposed that governments might alter by their own regulations the actual relative value of the two precious metals. This might be done to a considerable extent if these had no intrinsic value; that is to say, if they could be obtained without capital or labor, or if, whatever the cost of production might be, they were of no utility whatever except for currency. In the first case, governments might attach any value they pleased to either metal, in the same manner as is now done with paper money. In the latter case, there being no other demand except that of governments, the price of either metal might be reduced so low as to compel an abandonment of all the poorer, but not lower than the cost of production at the most fertile mines. But the intrinsic value of the precious metals, combined with the general demand for them, determines their market-price. Governments are among the principal, but not the only, consumers. If the demand for either gold or silver for the purpose of currency was to cease altogether, it would have an effect on the market-price of the metal excluded; but a government which uses both as currency cannot affect their permanent relative value. It may, however, to a certain extent prevent great fluctuations by coining at all times for all individuals who may bring in bullion, allowing always the same regular price, and paying for it without delay, and without any other charge than the actual cost of coining.

It has already been stated that the relative mint-price of gold and silver bullion in France (about 15.7 : 1) is very near the average market-price of those two metals. And by giving always the same regular price for each, government has to a certain degree prevented any great fall in the price of either. It is only during short and extraordinary periods that the fluctuations have been so great as that the gold coins did either fall to the par of silver coins or rise to a premium of one per cent. During by far the greater part of the period of forty-five years which has elapsed since that regulation took place,

this premium has fluctuated from one-fifth to one-half per cent.; so that the variations in the relative price of the two metals have, with the few exceptions above mentioned, been less than one-third per cent. And even these would have been less had not, as has already been stated, the silver coins been overrated by charging about one-half per cent. too much on their coinage.

It is believed that there is no mint which issues more faithful and perfect coins than that of the United States. The extreme variation from standard fineness, as determined by the annual assay, does not exceed one-fifth per cent. on the silver coins; on the gold coins it is too small to be appreciated. On a large sum, as delivered from the mint, the weight, if not precisely accurate, would almost uniformly be found to fail in excess. But trivial deviations in weight on single pieces are unavoidable; they rarely exceed one-third per cent. on the heaviest silver, and are less than one-sixth per cent. on the gold coins. If to those unavoidable deviations be added the loss which coins experience by friction, it will be found that they exceed in value the fluctuations in the relative market-price of the gold and silver coins issued under proper mint regulations, and therefore that these are a quantity which may be neglected, and which, in fact, is never taken into consideration at the time of making the contract.

The importance of preserving a permanent standard of value is the leading principle which we have tried to enforce in this paper; and it is for that express purpose that we consider an alteration in the mint regulations, which alone can bring gold into circulation, as absolutely necessary. The rate heretofore adopted had its origin in a mistake, and was not at all intended for the purpose of excluding gold. It did not produce that effect for thirty years, on account of the favorable rate of exchanges. To persist in it, now that experience has shown the evils it produces, and amongst others the undeniable exportation of gold and of gold coins at a time when the exchanges may be three per cent. under the true par, instead of being adherence to the original plan, is an obvious deviation from its avowed object. We are sacrificing reality to a pure shadow when for

the sake of an abstraction, and in order to avoid a contingent and doubtful fluctuation of one-half per cent. in the standard of value, we promote, by the total exclusion of gold from circulation, that increase of the paper currency which alone can materially endanger that standard.

But even this objection may be removed by raising the mint-price of gold only to that rate which will render it almost impossible that its legal value should ever be higher than its market-price. We would therefore suggest the adoption, in the relative legal value of the gold and silver coins, of a ratio not much above that of 15.6 : 1, rather than one nearer to the average relative value of the two metals. As the exchange must rise more than one per cent. above the true par derived from the legal relative value which may be adopted before American gold coins can be exported, this would not take place to England until the exchange had risen to at least $4.81 per pound sterling. On the other hand, that ratio being lower than that of the relative value of gold and silver bullion either in England or in France, there would be no danger of the price of the gold falling below that of the silver coins. On the contrary, it is extremely probable that the gold coins would generally, as in France, command a small premium, and be used with great convenience as subsidiary to silver, which would remain, as heretofore, our standard of value. Either of the ratios of 2700 : 173 (equal to about 15.6069 : 1) and of 125 : 8 (equal to 15.625 : 1) would answer that purpose. According to the first, the weight of the eagle would be in standard gold 259.5, and according to the second 259.2, grains. The last ratio is the most simple, and is capable of a *definite* expression *in decimals*. The only advantage of the first, the expression of which, though less simple, is, however, perfectly definite, consists in making the corresponding value of the pound sterling almost equal to $4.75 (nearly 4.7505), which would afford much convenience in the calculations of duties and exchange. The corresponding value of the pound sterling, according to the second ratio, would be near $4.75.6. We think that, at all events, the ratio should not exceed that of 675 : 43 (nearly equal to 15.7 : 1), which would give two hundred and fifty-eight grains for the weight of the

eagle in standard gold, and about $4.77.8 for the corresponding value of the pound sterling.[1]

Another consideration may be adduced in favor of the proposed reform of our gold coins. It seems to be well ascertained that the United States contain one of the most extensive deposits of gold that has yet been discovered. It extends from the central parts of Virginia, in a southwest direction, to the State of Alabama. It is said to have yielded the value of near half a million of dollars this year, and it is not improbable that it will ere long afford an annual produce of several millions. It appears but just to afford to those employed in collecting that natural product a certain and the highest home market of which it is susceptible. This cannot be the case so long as gold is only a merchandise for exportation, and will be effected by making it a current coin, and reducing the charge of coinage in the manner which has been before suggested. In every point of view, we consider this last measure, that of enabling the mint to pay immediately for the bullion, and of substituting, to the delay of two months, a small duty on the coinage not higher than its cost, as of no inconsiderable importance.

Great Britain, in adopting gold as the sole standard of value, has found it, however, absolutely necessary to admit silver coins for payments not exceeding forty shillings. This limitation would, it seems, have been sufficient for the object intended. But, whether in order to prevent the exportation, or only the better to assert the adherence to an abstract principle, the new silver coinage has been overrated about nine per cent. by coining the troy pound weight of standard silver into sixty-six instead of sixty-two shillings. This debased coin is attended with the same inconvenience as a paper currency issued by government. There is, on account of the profit, a temptation to issue too much, and no sure means can be found of ascertaining the amount wanted for effecting the payments to which that portion of the currency is applicable. It is worthy of remark that England, from a scrupulous adherence to a single standard, should have actually established two distinct standards of value,

---

[1] See Note A.

one for wholesale and the other for retail transactions. It is obvious that, since a debased coin can be neither profitably exported nor applied to other purposes, any considerable excess, beyond what is actually wanted for effecting small payments, must cause a depreciation. Should government be ever so moderate in its issues, the facility with which that coin may be, not counterfeited, but illegally imitated and put into circulation, must ultimately defeat the object intended. In the mean while, should the excess be such that the retailers of every description, who are obliged to take in payment silver inapplicable to wholesale purchases, could not dispose of the surplus, they must, to indemnify themselves, add something to their prices. We believe this to be already the fact, and that this, like every other depreciated currency, operates as a tax, which affects principally all those who are compelled to purchase everything by retail.

These two measures, suggested for the purpose of enlarging the circulating metallic currency, recommend themselves by their simplicity, and are founded on the beneficial experience of almost every other country. In Europe, England alone has resorted to a single standard, and that nominally, since her silver circulation amounts to eight millions sterling, or to more than one-third of her gold, and almost to one-third of her paper currency. We believe that small notes or tokens circulate no longer anywhere but in Russia, Sweden, and Scotland. The situation of two of those countries is in no wise parallel to that of the United States. Twenty-shilling notes continue to circulate in Scotland; but the solidity of the banking system of that country offers an anomaly which has not been satisfactorily explained. The numerous failures of country banks in England have been sometimes ascribed to their not being incorporated companies, which is disproved by the solidity of the numerous Scotch banks of the same description, and by the repeated failures of our own chartered banks, and sometimes to their not being permitted by law to consist of a sufficient number of partners. But of the twenty-nine banks of Scotland which are not chartered, seventeen are voluntary associations, consisting of from three to nineteen partners, the credit of which is as good

as that of the other twelve unincorporated and of the three chartered banks of that country. We believe that, independent of the peculiarities which distinguish the Scotch banking system, its superior stability must be principally ascribed to the persevering but cautious enterprise, to the great frugality, and generally to the habits of that nation.[1]

It is difficult to devise the more direct means by which the over-issues of banks may be checked. Several of the States have as yet taken no measures to that effect. Many appear to have tried to apply rather penal than preventive remedies. The laws by which it has been attempted to limit either the loans or the issues made by the banks have generally been intended to prevent what never can take place. Amongst more than three hundred banks, either now existing or which have failed, and of which we have returns, we have not found a single one the loans of which amounted, so long as specie payments were in force, to three times, or the issues to twice, the amount of their capital. It is clear that provisions applicable to such improbable contingencies are purely nominal. The statements we have given show that the average amount of notes issued by the State banks does not, taken together, exceed forty-four per cent., nor the aggregate amount of their notes and deposits eighty-one per cent., of their capital. The loans made by those banks, of which we have returns in that respect, amount to 129,815,441, and their aggregate capital to 89,779,557 dollars. Those facts afford sufficient data to form an opinion of the necessary provisions in that respect. The restrictions can only be made in reference to the capital actually paid in, and apply to the amount of loans and issues, which, with the exception of deposits, are the only items that can be always limited by the banks. And the deposits, independent of being voluntary, could not without much inconvenience, both to the banks and their customers, be restricted to a fixed amount. We think that no bank should be permitted to extend its loans, including stocks of every description, and every species of debt in whatever manner secured, beyond twice the amount of its capital. We

---

[1] See Note B.

find provisions to that effect in the laws of Massachusetts and Louisiana. That proportion is forty per cent. greater than that of the banks above mentioned, and greater, as we think, than is consistent with the safety of almost any bank. The aggregate of the loans made and of the stocks owned by the former Bank of the United States never amounted to seventy per cent., nor that of the existing bank to fifty per cent., beyond the amount of their respective capitals. This restriction alone necessarily checks the aggregate amount of the issues and deposits of a bank; which, in that case, never can together exceed the amount of its capital, beyond the specie in its vaults, and the nominal value of its real estate. But we believe that a positive restriction on the issue of notes, so that they never should exceed two-thirds of the capital, would be highly beneficial. The only objection is with respect to country banks, which have not the same proportionate amount of deposits as the city banks, and may on that account claim a greater latitude with respect to notes. But it will be perceived by the following statement, which includes thirty banks of the State of New York that have more than three-fourths of the whole banking capital of the State, and all the chartered banks of Pennsylvania and Massachusetts, that, taking into consideration both notes and deposits, the proportion of these to the capital is far greater in the country than in the city banks. The relative proportions are, in New York and in Pennsylvania as seven to four, and in Massachusetts as three to two. A reduction in the amount of notes to two-thirds of that of the capital would not affect this State, and would still leave in Pennsylvania and New York the proportion of notes and deposits to capital much greater in the country than in the city banks. The circulation of these is, in both States, less than their capital. The restriction proposed would still leave the circulation of the country banks in Pennsylvania of 4,235,000 on a capital of 3,506,000 dollars, and in New York of 6,737,000 on a capital of 4,926,000 dollars.

	City.	Country.
Massachusetts,		
Specie	$747,684	$239,526
Capital . . .	13,450,000	5,702,400

Notes	$2,357,678	$2,160,000
Deposits . . .	2,202,092	658,190
Circulation . . .	4,559,770	2,818,190
Pennsylvania,		
Specie	1,639,134	775,537
Capital . . .	9,903,930	3,506,403
Notes	3,648,719	3,659,650
Deposits . . .	5,046,183	1,795,266
Circulation . . .	8,694,902	5,454,916
New York,		
Specie	1,169,581	390,710
Capital . . .	10,711,200	4,926,153
Notes	3,394,257	4,567,023
Deposits . . .	6,662,174	3,692,326
Circulation . . .	10,056,431	8,259,349

We do not wish, by the preceding observations, to be understood as objecting generally to the extension of the banking system to the country, but only to the indiscriminate establishment of banks without regard to the actual wants and means of the districts which may apply for that purpose. There is a general spirit of enterprise in the United States, to which they are greatly indebted for their rapid growth, and it is difficult to ascertain in all cases to what extent it should be encouraged and when it ought to be checked. The remarks apply particularly to the newly-settled parts of the country, which present a state of things different from that found in any other part of the civilized world, and to which, therefore, even the most generally admitted principles of political economy will not always apply.

Amongst the first emigrants there are but few possessed of much capital, and these, generally employing it in the purchase of land, are soon left without any active resources. The great mass bring nothing with them but their industry and a small stock of cattle and horses. A considerable portion of the annual

labor is employed in clearing, enclosing, and preparing the land for cultivation. Those difficulties and all the privations incident to their new situation are encountered with unparalleled spirit and perseverance. Within a very short time our numerous new settlements, which in a few years have extended from the Mohawk to the great Western lakes, and from the Alleghany to the Mississippi and beyond it, afford the spectacle of a large population with the knowledge, the intelligence, and the habits which belong to civilized life, amply supplied with the means of subsistence, but without any other active capital but agricultural products, for which, in many instances, they have no market. It is in this last respect that their situation essentially differs from that of any other country as far advanced in civilization. We might even add that there is, in several ancient settlements of the United States, a less amount of active capital than in the interior parts of many European countries. The national industry, out of the seaports, has, at least till very lately, been exclusively applied to agriculture, and circulating capital will rarely be created out of commercial cities without the assistance of manufactures.

With the greatest abundance of provisions, it is impossible for a new country to purchase what it does not produce unless it has a market for its own products. Specie is a foreign product, and, though one of the most necessary, is not yet always that which is most imperatively required. We may aver from our own knowledge that the western counties of Pennsylvania had not, during more than twenty years after their first settlement, the specie necessary for their own internal trade and usual transactions. The want of communications and the great bulk of their usual products reduced their exports to a most inconsiderable amount. The two indispensable articles of iron and salt, and a few others almost equally necessary, consumed all their resources. The principle, almost universally true, that each country will be naturally supplied with the precious metals according to its wants, did not apply to their situation. Household manufactures supplied the inhabitants with their ordinary clothing, and the internal trade and exchanges were almost exclusively carried on by barter. This effectually checked any

advance even in the most necessary manufactures. Every species of business required the utmost caution, as any failure in the performance of engagements in the way of barter became, under the general law of the land, an obligation to pay money, and might involve the party in complete ruin. Under those circumstances even a paper currency, kept within proper bounds, might have proved useful. We know the great difficulties which were encountered by those who first attempted to establish the most necessary manufactures, and that they would have been essentially relieved and some of them saved from ruin by moderate bank loans. Yet there were instances where those difficulties were overcome, and the most successful manufactures of iron and glass were established and prospered prior to the establishment of any bank; but the general progress of the country was extremely slow, and might have been hastened by such institutions soberly administered. It is obvious that in this and other similar cases where there is an actual want of capital, this should, in order to insure success, be obtained from the more wealthy parts of the country, either by subscriptions to local banks or by the establishment of branches of the city banks.

Some of the first settlements in other parts of the country were, for a length of time, in a similar situation. The progress of others, under more favorable circumstances, has been much more rapid. The western parts of the State of New York have always enjoyed a nearer and more accessible market. The acquisition of Louisiana, the invention of steamboats, and the improved communications by land and water, have entirely changed the state of things west of the Alleghany Mountains. Still, and notwithstanding the unparalleled increase of population and the rapid progress in every respect of the new States or settlements, their wealth does not, in any degree, correspond either with that population or with their advances in agriculture. All new colonies, either from Europe to America or from the ancient settlements to the more interior part of America, have, under different modifications, been ever placed in a similar situation. To this must be ascribed the issues of paper money by the several States whilst under the colonial government. This cur-

rency, in many instances useful, was, as usual, often carried to excess, and depreciated accordingly. The same causes continue to produce similar effects. The eagerness for country banks is natural, but often mistakes its object. They may be safely established in flourishing towns or villages, either commercial or manufacturing, provided their issues are restrained within proper bounds. It is to the abuse, and not to the use, that we object. The profits of agriculture are so moderate, at least in the Middle States, and the returns so slow, that even loans on mortgages are rarely useful. But when made by banks on notes at sixty days, without any other substantial security than real estate, they never can be relied on as an immediate resource, and, when payment is urged, they almost always prove ruinous to the borrowers, and are often attended with heavy losses to the banks. The example of Pennsylvania has clearly shown that the calamities inflicted by the failures of country banks, established in unfit places, or for want of experience improperly administered, have been still more fatal to the inhabitants of the districts in which they were situated than to the State at large. It is well known that the same observation applies with equal, if not greater, force to other States than Pennsylvania.

The revised statutes of the State of New York, besides several salutary provisions for the bona fide payment of the stock subscribed, to prevent any dividend greater than the actual profits, and generally for the prevention of frauds, contain one of primary importance, adopted also in Maryland and some other States, by which the charter is forfeited whenever the bank refuses or declines to pay on demand its notes or deposits in specie. But the restriction on loans and discounts, which limits their amount to three times that of the capital, is purely nominal, and the responsibility imposed on stockholders, though already adopted in some other States, has been considered as objectionable. As a substitute, and with a laudable intent to protect the community against partial failures, a "safety fund" has since been established by law, consisting of a tax of one-half per cent. on the capital of every bank, and which is applicable to the payment of the notes of any that may fail. This must have a tendency to encourage excessive issues of paper, which could not

be sustained if resting only on the credit of the bank by which they are made. But, unacquainted as we are with the reasons alleged in favor of that measure, it appears to us unjust, 1st, by making institutions properly managed responsible for the conduct of others at a great distance, and over which they have no control; 2d, because, on account of the disproportion between the aggregate of the circulation and deposits of the city and country banks respectively, the first are made to pay in the safety fund about twice as much in proportion as the country banks. This will appear evident by referring to the last statement, and does not accord with the principles of a government founded on the equal rights of all.[1]

One of the most efficient securities afforded by the State laws against improvident issues of notes is to be found in that of Massachusetts, by which banks are obliged to pay interest at the rate of 24 per cent. a year on all notes or deposits which they may neglect or refuse to pay in specie on demand. A similar provision, but at the rate of 12 per cent., has been enacted by the State of Louisiana, and is also inserted in the charter of the Bank of the United States. Another great guarantee against improper management is the obligation to make and publish annual statements of the situation of the banks. The mystery with which it was formerly thought necessary to conceal the operations of those institutions has been one of the most prolific causes of erroneous opinions on that subject, and of mismanagement on their part. It is highly desirable that this measure should be adopted in the States where those returns are not yet made obligatory. The annual statements of the Bank of the United States, and of the banks of all the New England States, of Pennsylvania, Virginia, Georgia, and others, to Congress, and to the States respectively, have in no instance injured any institution that was properly administered. Publicity is, in most cases, one of the best checks which can be devised; it inspires confidence and strengthens credit, whilst concealment begets distrust and often engenders unjust suspicions.

There is still another measure, better calculated perhaps than

---

[1] See Note C.

any other to give complete security against the danger of insolvency. It has been already observed that the original capital of the Bank of England, amounting to more than fourteen millions sterling, has been loaned to government, and, remaining in its hands, affords the best security to the holders of notes and to depositors. The propriety of extending a similar provision to country banks has been strongly urged in England; and the same measure, with respect to our banks generally, has also been suggested. It is quite practicable, and seems unobjectionable, in a country possessed of so large a capital as England, and where the large amount of public debt would enable the banks to comply with the condition without any difficulty. But this might not be practicable here, where the banking capital is much larger than the amount of all other public stocks, and we apprehend that mortgages on real estate must, if such provision becomes general, be resorted to for want of such stocks. We must also refer to our former observations respecting the nature of our banking capital. Should this be permanently vested in mortgages or stocks, the accommodations which the banks afford to individuals might be too much curtailed. If these objections can be removed, the plan proposed would give to the banking system of the United States a solidity, and inspire a confidence, which it cannot otherwise possess.

The constitutional powers of Congress on the subject are the next and principal object of inquiry.

We have already adverted to the provisions of the Constitution, which declare that no State shall either coin money, emit bills of credit, make anything but gold and silver coins a tender in payment of debts, or pass any law impairing the obligation of contracts, and which vest in Congress the exclusive power to coin money and to regulate the value thereof, and of foreign coin. It was obviously the object of the Constitution to consolidate the United States into one nation, so far as regarded all their relations with foreign countries, and that the internal powers of the general government should be applied only to

objects necessary for that purpose, or to those few which were deemed essential to the prosperity of the country and to the general convenience of the people of the several States. Amongst the objects thus selected were the power to regulate commerce among the several States, and the control over the monetary system of the country.

This last-mentioned power is, and has ever been, one of primary importance. It is for want of such general power that Germany has always been inundated with coins often debased, and varying from state to state in standard and denomination; the same defect was found in the former United Provinces of the Netherlands; and the banks of deposit of Hamburg and Amsterdam were originally established for the purpose of correcting that evil. Even under the Articles of Confederation, Congress had already the sole and exclusive right and power of regulating the alloy and value of coins struck by their own authority, or by that of the respective States. It was on a most deliberate view of the subject that the same powers were confirmed and enlarged by the Constitution, and the individual States excluded from any participation which might interfere with the controlling power of the general government. With the exception of those which are connected with the foreign relations of the United States, either in war or in peace, there are no powers more expressly and exclusively vested in Congress of a less disputable nature, or of greater general utility, than those on the subject of currency. Arbitrary governments have, at various times, in order to defraud their creditors, debased the coin whilst they preserved its denomination, and thus subverted the standard of value by which the payment of public and private debts and the performance of contracts ought to have been regulated. This flagrant mode of violating public faith has been long proscribed by public opinion. Governments have, in modern times, substituted for the same purpose issues of paper money, gradually increasing in amount and decreasing in value. It was to guard against those evils that the provisions in the Constitution on that subject were intended, and it is the duty, not less than the right, of the United States to carry them into effect.

The first paragraph of the eighth section of the first article provides that Congress shall have power "to lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defence and general welfare of the United States; but all duties, imposts, and excises shall be uniform throughout the United States."

It has sometimes been vaguely asserted, though, as we believe, never seriously contended, that the words "to provide for the common defence and general welfare" were intended and might be construed as a distinct and specific power given to Congress, or, in other words, that that body was thereby invested with a sweeping power to embrace within its jurisdiction any object whatever which it might deem conducive to the general welfare of the United States. This doctrine is obviously untenable, subversive of every barrier in the Constitution which guards the rights of the States or of the people, expressly contradicted by the tenth amendment, which provides that the powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively or to the people, and tantamount to an assertion that there is no Constitution and that Congress is omnipotent. Mr. Jefferson stigmatizes this construction as "a grammatical quibble which has countenanced the general government in a claim of universal power. For (he adds) in the phrase to lay taxes *to pay the debts and provide for the general welfare*, it is a mere question of syntax whether the two last infinitives are governed by the first, or are distinct and co-ordinate powers; a question unequivocally decided by the exact definition of powers immediately following."

The words "to provide for the common defence and general welfare of the United States" are as obligatory as any other part of the Constitution; they cannot be expunged, and must be so construed as to be effective. Mr. Jefferson did not deny this, which is indeed undeniable; and he only contended that the words did not convey a distinct power, but were governed by the preceding infinitive; that is to say, that this clause in the Constitution, instead of giving to Congress the three distinct powers, 1st, to lay taxes, &c.; 2dly, to pay the debts; 3dly, to provide

for the common defence and general welfare of the United States, gave only that "to lay and collect taxes, duties, imposts, and excises *in order* to pay the debts and provide for the common defence and general welfare of the United States." He states the question as one of syntax, susceptible of only two constructions; one which would give, as a distinct, a sweeping power inconsistent with the spirit and other express provisions of the Constitution, and which he accordingly rejects; the other, which he adopts, and which admits, but confines the application of the words "to provide for the general welfare" to the only power given by that clause, viz., that of laying taxes, duties, &c.

This appears to have been the construction universally given to that clause of the Constitution by its framers and contemporaneous expounders. Mr. Hamilton, though widely differing in another respect from Mr. Jefferson in his construction of this clause, agrees with him in limiting the application of the words "to provide for the general welfare" to the express power given by the first sentence of the clause. In his report on manufactures, he contends for the power of Congress to allow bounties for their encouragement, and, after having stated the three qualifications of the power to lay taxes, viz., 1st, that duties, imposts, and excises should be uniform throughout the United States; 2d, that no direct tax should be laid unless in proportion to the census; 3d, that no duty should be laid on exports; he argues on the constitutional question in the following words:

"These three qualifications excepted, the power to raise money is plenary and indefinite, and the objects to which it may be appropriated are no less comprehensive than the payment of the public debts and the providing for the common defence and general welfare. The terms 'general welfare' were doubtless intended to signify more than was expressed or imported in those which preceded; otherwise numerous exigencies, incident to the affairs of a nation, would have been left without a provision. The phrase is as comprehensive as any that could have been used, because it was not fit that the constitutional authority of the Union to appropriate its revenues should have been restricted within narrower limits than the 'general welfare,' and because

this necessarily embraces a vast variety of particulars, which are susceptible neither of specification nor of definition.

"It is, therefore, of necessity left to the discretion of the national Legislature to pronounce upon the objects which concern the general welfare, and for which, under that description, an appropriation of money is requisite and proper. And there seems to be no room for a doubt that whatever concerns the general interests of learning, of agriculture, of manufactures, and of commerce are within the sphere of the national councils, as far as regards an application of money.

"The only qualification of the generality of the phrase in question which seems to be admissible is this, that the object to which an appropriation of money is to be made be general and not local; its operation extending, in fact, or by possibility, throughout the Union, and not being confined to a particular spot.

"No objection ought to arise to this construction from the supposition that it would imply a power to do whatever else should appear to Congress conducive to the general welfare. A power to appropriate money with this latitude, which is granted, too, in express terms, would not carry a power to any other thing not authorized in the Constitution, either expressly or by fair implication."

Mr. Hamilton insisted that the power to *lay and collect* taxes and duties implied that of *appropriating* the money thus raised to any object which Congress might deem conducive to "the general welfare." But he confines throughout the application of those words to the power given, as he understood it, by the first sentence of the clause. Mr. Jefferson, who agreed with him in that respect, denied altogether that the power to lay taxes implied that of applying the money thus raised to objects conducive to the general welfare. It cannot be objected to this construction, which is the most literal, that the words "for the general welfare" are thereby rendered of no effect. For there are several cases in which the laying a tax or duty does alone effect the object in view, without the aid of an appropriation or of any other distinct act of the Legislature. On that point, however, and on that alone, they differed. But it is foreign to

the object now under consideration, and we do not mean to discuss it. All that is necessary for us is that, as admitted by both, the power *to lay duties and taxes* is vested in Congress, and may be exercised to provide (or in order to provide) for the general welfare of the United States, without any other limitation than the three qualifications specified by the Constitution, and above stated.

It has, indeed, been lately contended by some distinguished citizens that the words "general welfare" referred only to the powers expressly vested in Congress by the Constitution, or, in other words, that the power to lay duties and taxes could not be exercised but for the purpose of carrying into effect some of those specific powers. It seems to us that this, if intended, would have been distinctly expressed, instead of using the words "general welfare." And, although it is undeniable that a constructive power cannot be legitimately claimed unless necessary and proper for carrying into execution or fairly implied in a power expressly delegated, we do not perceive why it should be necessary in order to justify the exercise of a power expressly given that it should be exercised in reference to another similar power. But we do not mean to discuss this question, which is also foreign to our object. Allowing, for the sake of argument, the validity of the objection, it does not apply to cases where the object in reference to which the duty or tax is laid is clearly embraced within the powers of the general government. Although, because the power to protect manufactures is not expressly vested in Congress, that to lay taxes in order to effect that object should be denied, the power of laying a tax or duty for the purpose of carrying into effect an express provision of the Constitution would still be undeniable.

Congress has the power to lay stamp duties on notes, on bank-notes, and on any description of bank-notes. That power has already been exercised, and the duties may be laid to such an amount and in such a manner as may be necessary to effect the object intended. This object is not merely to provide generally for the general welfare, but to carry into effect, in conformity with the last paragraph of the eighth section of the first article, those several and express provisions of the Constitution which

vest in Congress exclusively the control over the monetary system of the United States, and more particularly those which imply the necessity of a uniform currency. The exercise of the power for that object is free of any constitutional objection, provided the duties thus laid shall be uniform and applied to the Bank of the United States as well as to the State banks. The act of laying and collecting the duties, which is expressly granted, is alone efficient to effect the object. As no appropriation of money is wanted for that purpose, the exercise of power which is required is purely that of laying duties, and it is not liable to the objection that to assert that the authority to lay taxes implies that of appropriating the proceeds is a forced construction. It is equally free of any objection derived from any presumed meaning of the words "general welfare," since the power to lay duties will in this instance be exercised in order to carry into effect several expressed provisions of the Constitution having the same object in view. Congress may, if it deems it proper, lay a stamp duty on small notes, which will put an end to their circulation. It may lay such a duty on all bank-notes as would convert all the banks into banks of discount and deposit only, annihilate the paper currency, and render a bank of the United States unnecessary in reference to that object. But if this last measure should be deemed pernicious, or prove impracticable, Congress must resort to other and milder means of regulating the currency of the country. The Bank of the United States, as has already been shown, was established for that express purpose.

An act incorporating a bank is not an act either to raise or appropriate money. The power to establish the bank cannot in any way be founded on that clause of the Constitution which has reference to the general welfare of the United States. It is sanctioned exclusively by that clause which gives to Congress power to make all laws which shall be necessary and proper for carrying into execution any of the powers vested in the government of the United States. And the first object of inquiry is the meaning of the words "necessary and proper" in that clause.

We are aware that it has at times been suggested that the

word "necessary," in its strict sense, means "that without which the specific power cannot be carried into effect," and ought to be so construed. If appeal be made to verbal criticism, it may be answered that, if such was the meaning of the word "necessary" in that sentence, the word "proper" would not have been added, since that which is necessary in that strict sense is of necessity proper. This last expression must, therefore, be taken in connection with the first; and since it was contemplated that what was called necessary might be proper or improper, the words "laws necessary and proper" do not appear to have been intended in that most limited sense, which implies absolute impossibility of effecting the object without the law, but to mean such laws as are fairly intended and highly useful and important for that purpose. We believe this to be the fair and to have been the uniform construction of the Constitution, and that indeed without which it could not have been carried into effect. In order to prove that this has ever been deemed the natural and clear construction, we will not resort to the establishment of light-houses, or to other numerous precedents, the authority of which may be disputed. We will appeal to the most general and important law of the United States, such as it was enacted from the first organization of the government under the Constitution, and to a provision in it which, under its various other modifications, has uninterruptedly and without any constitutional objection remained in force to this day.

The laws to lay and collect duties on imports require, and have always required, a variety of oaths, and particularly that of the importers and consignees, with respect to the correctness of the invoices of goods imported, both as to quantity and as to cost or value. Yet this provision, however useful and important, is not so absolutely necessary, in that strict sense of the word, as that the laws could not possibly be carried into effect without it. There are countries, France, for example, where those duties are efficiently collected without the assistance of similar oaths. This may be done at least as effectually by an appraisement of the merchandise as by resorting to the oaths of the parties. In point of fact, there has always been a discretionary power to appraise, which has lately been enlarged. Since

it is on that provision and not on the oath that the ultimate reliance for the faithful collection of the duties is placed, those duties might be collected without the assistance of oaths, by substituting in every instance an appraisement or valuation. Oaths are not, therefore, necessary for the collection of duties, in that strict sense which is contended for; they are not that without which the duties could not be collected. The observation indeed applies to various other provisions of the revenue laws. Any one who will give them a perusal will find several implying powers not specially vested in Congress, the necessity of which was not absolute, and without which the object of the law might still have been effected. The oaths and various other provisions have been resorted to as means only highly useful, important, and proper, but not as being of *absolute* necessity for carrying the law into effect.[1]

Whenever it becomes the duty of Congress to carry into effect any of the powers expressly defined by the Constitution, it will generally be found that there are several means to effect the object. In that case, and whenever there is an option, each of the means proposed ought not to be successively objected to as not being strictly necessary because other means might be resorted to, since this mode of arguing would defeat the object intended, and prevent the passage of any law for carrying into effect the power which it was the duty of Congress to execute. If every provision of a revenue law was successively opposed on that ground, no efficient revenue law could be passed. In the present case it is proposed to resort either to a stamp duty or to a bank of the United States in order to regulate the currency. Unless some other equally efficient mode can be suggested, this important object will be defeated, if both means are successively rejected as not strictly necessary. But, on the other hand, the means proposed for carrying into effect any special or expressed power vested in Congress should be highly useful and important,

[1] The opinion of the Supreme Court in the case of McCulloch *vs.* State of Maryland had not been seen by the writer of this essay when it was committed to the press, and the important inference drawn from the use of the words "absolutely necessary," in another clause of the Constitution, had escaped his notice.

having clearly and bona fide that object in view which is the avowed purpose, and not be intended, under color of executing a certain special power, for the purpose of effecting another object.

It was on this ground that the former Bank of the United States was at first opposed. That bank had not been proposed for the express purpose of regulating the currency, but as incident to the powers of regulating commerce, of collecting the revenue, of the safe-keeping of public moneys, and, generally, of carrying on the operations of the Treasury. There had been at that time but three banks established in the United States; their operations were confined within a very narrow sphere; there had been no experience in the United States of the utility of a bank in assisting the operations of government, but that which, during a short time, had been afforded by the Bank of North America, incorporated, in the first instance, by Congress, under the Articles of Confederation. The Bank of the United States was considered by its opponents as not being intended for the purpose alleged, but as having for its object the consolidation of a moneyed aristocracy, and to further the views at that time ascribed to a certain party and to its presumed leader. And the fears then excited respecting that object, and the supposed influence of the bank in promoting it, though long since dissipated, have left recollections and impressions which may still have some effect on public opinion in relation to the constitutional question.

Experience, however, has since confirmed the great utility and importance of a bank of the United States in its connection with the Treasury. The first great advantage derived from it consists in the safe-keeping of the public moneys, securing, in the first instance, the immediate payment of those received by the principal collectors and affording a constant check on all their transactions, and afterwards rendering a defalcation in the moneys once paid, and whilst nominally in the Treasury, absolutely impossible. The next and not less important benefit is to be found in the perfect facility with which all the public payments are made by checks or Treasury drafts, payable at any place where the bank has an office; all those who have demands against gov-

ernment are paid in the place most convenient to them, and the public moneys are transferred through our extensive territory, at a moment's warning, without any risk or expense, to the places most remote from those of collection, and wherever public exigencies may require. From the year 1791 to this day the operations of the Treasury have, without interruption, been carried on through the medium of banks; during the years 1811 to 1816, through the State banks; before and since, through the Bank of the United States. Every individual who has been at the head of that Department, and, as we believe, every officer connected with it, has been made sensible of the great difficulties that must be encountered without the assistance of those institutions, and of the comparative ease and great additional security to the public with which their public duties are performed through the means of the banks. To insist that the operations of the Treasury may be carried on with equal facility and safety through the aid of the State banks without the interposition of a bank of the United States, would be contrary to fact and experience. That great assistance was received from the State banks, while there was no other, has always been freely and cheerfully acknowledged. But it is impossible, in the nature of things, that the necessary concert could be made to exist between thirty different institutions; and in some instances heavy pecuniary losses, well known at the seat of government, have been experienced. To admit, however, that State banks are necessary for that purpose, is to give up the question. To admit that banks are indispensable for carrying into effect the legitimate operations of government, is to admit that Congress has the power to establish a bank. The general government is not made by the Constitution to depend for carrying into effect powers vested in it on the uncertain aid of institutions created by other authorities and which are not at all under its control. It is expressly authorized to carry those powers into effect by its own means, by passing the laws necessary and proper for that purpose, and in this instance by establishing its own bank, instead of being obliged to resort to those which derive their existence from another source and are under the exclusive control of the different States by which they have been established.

It must at the same time be acknowledged that, inasmuch as the revenue may be collected and the public moneys may be kept in public chests and transferred to distant places without the assistance of banks, and as all this was once done in the United States, and continues to be done in several countries, without any public bank, it cannot be asserted that those institutions are absolutely necessary for those purposes, if we take the word "necessary" in that strict sense which has been alluded to. All this may be done, though with a greater risk and in a more inconvenient and expensive manner. Public chests might be established, and public receivers, or sub-treasurers, might be appointed, in the same places where there are now offices of the Bank of the United States, and specie might be transported from place to place, as the public service required it, or inland bills of exchange purchased from individuals.[1] The superior security and convenience afforded by the bank in the fiscal operations of government may not be considered as sufficient to make its establishment constitutional, in the opinion of those who construe the word "necessary" in that strict sense.

But it is far from being on that ground alone that the question of constitutionality is now placed. It was not at all anticipated, at the time when the former Bank of the United States was first proposed, and when constitutional objections were raised against it, that bank-notes issued by multiplied State banks, gradually superseding the use of gold and silver, would become the general currency of the country. The effect of the few banks then existing had not been felt beyond the three cities where they had been established. The States were forbidden by

---

[1] With the exception of the power of receiving private deposits, the object of which provision is not perceived, this is precisely the species of national bank which has been suggested in the President's last message. The question whether the purchase of drafts would, as we think, be a charge on the Treasury, or prove, as seems to be expected, a source of profit, is one of secondary importance. It is sufficient to observe that the issues of the State banks could not, nor indeed is it anticipated in the message that they would, be checked by this plan. It would not, therefore, effect the great object contemplated by the Constitution, to carry which into effect is enjoined by that instrument, and for which we principally contend, viz., that of securing a sound and *uniform* currency.

the Constitution to issue bills of credit; bank-notes are bills of credit to all intents and purposes, and the State could not do through others what it was not authorized to do itself; but the bank-notes, not being issued on the credit of the States, nor guaranteed by them, were not considered as being, under the Constitution, bills of credit emitted by the States. Subsequent events have shown that the notes of State banks, pervading the whole country, might produce the very effect which the Constitution had intended to prevent by prohibiting the emission of bills of credit by any State. The injustice to individuals, the embarrassments of government, the depreciation of the currency, its want of uniformity, the moral necessity imposed on the community either to receive that unsound currency or to suspend every payment, purchase, sale, or other transaction incident to the wants of society, all the evils which followed the suspension of specie payments have been as great, if not greater, than those which might have been inflicted by a paper currency issued under the authority of any State. We have already adverted to the several provisions of the Constitution which gave to Congress the right and imposed on it the duty to provide a remedy; but there is one which deserves special consideration.

Whatever consequences may have attended the suspension of specie payments in Great Britain, there still remained one currency which regulated all the others. All the country bankers were compelled to pay their own notes, if not in specie at least in notes of the Bank of England. These notes were, as a standard of value, substituted for gold; and if the currency of the country was depreciated and fluctuating in value from time to time, it was at the same time uniform throughout the country. There was but one currency for the whole, and every variation in its value was uniform as to places, and at the same moment operated in the same manner everywhere. But the currency of the United States, or, to speak more correctly, of the several States, varied, during the suspension of specie payments, not only from time to time, but at the same time from State to State, and in the same State from place to place. In New England, where those payments were not discontinued, the currency was equal in value to specie; it was at the same time at a discount

of seven per cent. in New York and Charleston, of fifteen in Philadelphia, of twenty and twenty-five in Baltimore and Washington, with every other possible variation in other places and States.

The currency of the United States, in which the public and private debts were paid and the public revenue collected, not only was generally depreciated, but was also defective in respect to uniformity. Independent of all the other clauses in the Constitution which relate to that subject, it is specially provided, 1st, that all duties, imposts, and excises shall be uniform throughout the United States; 2d, that representative and direct taxes shall be apportioned among the several States according to their respective numbers, to be determined by the rule therein specified; and that no capitation or other direct tax shall be laid, unless in proportion to the enumeration. Both these provisions were violated whilst the suspension of specie payments continued. It is clear that after the quota of the direct tax of each State had been determined according to the rule prescribed by the Constitution, it was substantially changed by being collected in currencies differing in value in the several States. It is not less clear that the clause which prescribes a uniformity of duties, imposts, and excises was equally violated by collecting every description of indirect duties and taxes in currencies of different value. The only remedy existing at that time was the permission to pay direct and indirect taxes in Treasury notes. But those notes did not pervade every part of the country in the same manner as bank-notes; they were of too high denomination to be used in the payment of almost any internal tax; they were liable also to vary in value in the different States; and they could operate as a remedy only as long as their depreciation was greater than that of the most depreciated notes in circulation.

We will now ask whether, independent of every other consideration, Congress was not authorized and bound to pass the laws necessary and proper for carrying into effect with good faith those provisions of the Constitution? and whether that could or can be done in any other manner than either by reverting to a purely metallic, or by substituting a uniform paper

currency to that which had proved so essentially defective in that respect, and which, from its not being subject to one and the same control, is, and forever will be, liable to that defect? The uniformity of duties and taxes of every description, whether internal or external, direct or indirect, is an essential and fundamental principle of the Constitution. It is self-evident that that uniformity cannot be carried into effect without a corresponding uniformity of currency. Without laws to this effect, it is absolutely impossible that the taxes and duties should be uniform, as the Constitution prescribes; such laws are therefore necessary and proper, in the most strict sense of the words. There are but two means of effecting the object, a metallic or a uniform paper currency. Congress has the option of either; and either of the two which may appear the most eligible will be strictly constitutional, because strictly necessary and proper for carrying into effect the object. If a currency exclusively metallic is preferred, the object will be attained by laying prohibitory stamp duties on bank-notes of every description and without exception. If it is deemed more eligible under existing circumstances, instead of subverting the whole banking system of the United States, and depriving the community of the accommodations which bank loans afford, to resort to less harsh means; recourse must be had to such as will insure a currency sound and uniform itself, and at the same time check and regulate that which will continue to constitute the greater part of the currency of the country.

Both those advantages were anticipated in the establishment of the Bank of the United States, and it appears to us that the bank fulfils both those conditions. As respects the past, it is a matter of fact that specie payments were restored and have been maintained through the instrumentality of that institution. It gives a complete guarantee that under any circumstances its notes will preserve the same uniformity which they now possess. Placed under the control of the general government, relying for its existence on the correctness, prudence, and skill with which it shall be administered, perpetually watched and occasionally checked by both the Treasury Department and rival institutions, and without a monopoly, yet with a capital and resources ade-

quate to the object for which it was established, the bank also affords the strongest security which can be given with respect to paper not only for its ultimate solvency, but also for the uninterrupted soundness of its currency. The statements we have given of its progressive and present situation show how far those expectations have heretofore been realized.

Those statements also show that the Bank of the United States, wherever its operations have been extended, has effectually checked excessive issues on the part of the State banks, if not in every instance, certainly in the aggregate. They had been reduced, before the year 1820, from sixty-six to less than forty millions. At that time those of the Bank of the United States fell short of four millions. The increased amount required by the increase of population and wealth during the ten ensuing years has been supplied in a much greater proportion by that bank than by those of the States. With a treble capital, they have added little more than eight millions to their issues. Those of the Bank of the United States were nominally twelve, in reality about eleven, millions greater in November, 1829, than in November, 1819. The whole amount of the paper currency has during those ten years increased about forty-five, and that portion which is issued by the State banks only twenty-two and a half per cent. We have, indeed, a proof, not very acceptable, perhaps, to the bank, but conclusive of the fact, that it has performed the office required of it in that respect. The general complaints on the part of many of the State banks, that they are checked and controlled in their operations by the Bank of the United States, that, to use a common expression, it operates as a screw, is the best evidence that its general operation is such as had been intended. It was for that very purpose that the bank was established. We are not, however, aware that a single solvent bank has been injured by that of the United States, though many have undoubtedly been restrained in the extent of their operations much more than was desirable to them. This is certainly inconvenient to some of the banks, but in its general effects is a public benefit to the community.

The best way to judge whether, in performing that unpopular

duty, the Bank of the United States has checked the operations of the State banks more than was necessary, and has abused, in order to enrich itself at their expense, the power which was given for another purpose, is to compare their respective situations in the aggregate. In order to avoid any erroneous inference, we will put out of question those banks of which we could only make an estimate, and compare with that of the United States those only of which we have actual returns.

The profit of banks beyond the interest on their own capital consists in that which they receive on the difference between the aggregate of their deposits and notes in circulation and the amount of specie in their vaults. We have given the aggregate situation for the end of the year 1829 of 281 banks, with a capital of 95,003,557 dollars, the deposits and circulating notes of which amounted together to $71,706,033
from which deducting the specie in their vaults, 11,989,643
leaves for the said difference $59,716,390
or 62.8 per cent. on their capital.

The notes in circulation of the Bank of the United States (adding one million for its drafts in circulation) amounted, in November, 1829, to $14,042,984, and together with the deposits to $28,827,793
from which deducting the specie in its vaults, 7,175,274
leaves for the difference $21,652,519
or 61.8 on its capital.

It is clear that those State banks, taken in the aggregate, have no just reason to complain, since that of the United States imposes no greater restraints on them than on itself. It will also be perceived that it had in specie more than one-fifth part of the aggregate of its notes in circulation and deposits, whilst the State banks had little more than one-sixth; and the Bank of the United States had in addition a fund of about one million of dollars in Europe. The difference would have been more striking had we taken a view of the situation of all the State banks, including those on estimate; for the difference between the aggregate of their notes and deposits and their specie is 67¼ on their capital.

This view of the subject applies to the present time, when the Bank of the United States has surmounted the difficulties which it had in its origin to encounter, and has reached a high degree of prosperity. It did not go into operation till the commencement of the year 1817, and such were the losses which it first experienced that its dividends during the first six years of its existence fell short of $3\frac{1}{2}$ per cent. a year. The dividend has since gradually increased from 5 to 7 per cent.; but the average during the thirteen years and a half ending on the 1st of July, 1830, has been but $4\frac{88}{100}$ per cent. a year. An annual dividend of about 9 per cent. during the residue of the time to which the charter is limited would be necessary in order that the stockholders should then have received, on an average, 6 per cent. a year on their capital. The dividends of the State banks vary too much, and our returns are too imperfect in that respect, to enable us to estimate the average; but it has certainly far exceeded that of the Bank of the United States.

The manner in which the bank checks the issues of the State banks is equally simple and obvious. It consists in receiving the notes of all those which are solvent and requiring payment from time to time, without suffering the balance due by any to become too large. Those notes on hand, taking the average of the three and a half last years, amount always to about a million and a half of dollars; and the balances due by the banks in account current (deducting balances due to some) to about nine hundred thousand. We think that we may say that on this operation, which requires particular attention and vigilance and must be carried on with great firmness and due forbearance, depends almost exclusively the stability of the currency of the country.

The President of the United States has expressed the opinion that the bank had failed in the great end of establishing a uniform and sound currency, and has suggested the expediency of establishing "a national bank, founded upon the credit of the government and its revenues." He has clearly seen that the uniformity of the currency was a fundamental principle derived from the Constitution, and that this, unless the United States reverted to a purely metallic currency, could not be effected

without the aid of a national bank. But it appears to us that the objection of want of uniformity, which may be supported in one sense, though not in the constitutional sense, of the word, applies generally to a paper currency, and not particularly to that which is issued by the Bank of the United States. And although we are clearly of opinion that the United States at large are entitled to the pecuniary profit arising from the substitution of a paper for a metallic currency, we are not less convinced that this object cannot be attained in a more eligible way and more free of objections than through the medium of a national bank constituted on the same principles as that now existing. On both those topics we will make but few observations, those branches of the subject having been nearly exhausted in their report by the committee of the House of Representatives.

It has already been observed that the substitution of paper to gold and silver is a national benefit, in as far as it brings into activity an additional circulating capital equal to the difference between the amount of paper and that of the reserve in specie necessary to sustain the par value of that paper. But it is clear that the community derives no other immediate benefit from the substitution than the accommodations which the banks are thereby enabled to afford, and for which the borrowers pay the usual rate of interest. The immediate profit derived from the paper currency is received exclusively by the banks,—about three-fourths by the State banks, and one-fourth by that of the United States. So far as relates to profit, it is only to that one-fourth part of the whole that the measures of the general government are intended to apply. Several of the States, by levying a tax on the capital or on the dividends of their own banks, receive the public share of those profits. Other States have resorted to the mode suggested by the President, and have established banks of the State exclusively founded on its resources and revenue.

The proposition has not been suggested to resort to a third, though the most simple, mode: that of issuing, without the aid or machinery of any bank whatever, a government paper payable on demand in specie. We unite in considering it altogether inadmissible. Government may put its paper in circulation by

lending it, like banks, to individuals; and this is, in fact, the proposition which has been suggested. But unless this mode is adopted, to issue paper in any other way is to borrow money; and the United States at this time wish to discharge and not to contract a debt. Nor would such a paper, without a mixture of banking operations, control in the least the issues of State banks and assist in establishing a general sound currency.

The general objections to a paper issued by government have already been stated at large. Yet it must be admitted that there may be times when every other consideration must yield to the superior necessity of saving or defending the country. If there ever was a time or a cause which justified a resort to that measure, it was the war of the independence. It would be doing gross injustice to the authors of the Revolution and founders of that independence to confound them with those governments which, from ambitious views, have, without necessity, inflicted that calamity on their subjects. The old Congress, as the name purports, were only an assembly of plenipotentiaries delegated by the several colonies or States. They could only recommend, and had not the power to lay taxes; the country was comparatively poor; extraordinary exertions were necessary to resist the formidable power of Great Britain; those exertions were made, and absorbed all the local resources; the paper money carried the United States through the most arduous and perilous stages of the war; and, though operating as a most unequal tax, it cannot be denied that it saved the country. Mr. Jefferson was strongly impressed with the recollection of those portentous times when, in the latter end of the year 1814, he suggested the propriety of a gradual issue by government of two hundred millions of dollars in paper. He had, from the imperfect data in his possession, greatly overrated the amount of paper currency which could be sustained at par; and he had, on the other hand, underrated the great expenses of the war. Yet we doubt whether, in the state to which the banks and the currency had been reduced, much greater issues of Treasury notes, or other paper not convertible at will into specie, would not have become necessary if the war had been of much longer continuance. It is to be hoped that a similar state of things will not again occur;

but, at all events, the issue of a government paper ought to be kept in reserve for the extraordinary exigencies.

The proposition then recurs to issue a paper currency payable on demand in specie through the medium of a bank founded on the revenue of the United States; or, in other words, to convert the general government or its Treasury Department into a banking institution. The experiment has been made in four of the States, and may have succeeded on a smaller scale, and where all the agents are personally known to government and are not merely in name but in reality under its immediate superintendence. But if thirty-five millions of dollars are to be placed at the disposal of three hundred bank directors selected by the government of the United States and living in twenty-five different States or Territories, with the authority to contract debts in behalf of the public to an equal amount and to lend the whole to individuals at their discretion, we must inquire how and over whom that enormous power will be exercised. However they may have differed with respect to removals from office, the various Administrations, with some exceptions commanded by the public interest, have all preferred, in appointing to office, their friends to their opponents; and in making the selections at a distance there is not perhaps, out of ten officers who are appointed, one who is personally known either to the President or to any of the heads of the Departments. It is morally impossible that the direction of the branches of the proposed bank should not fall into the hands of men generally selected from political considerations, often of a local nature. Without salary or any personal interest in the concern intrusted to their care, they would also be altogether irresponsible. The duties of the other officers of government may always be, and always are, defined by law; for any wilful official misconduct, for any act of oppression towards individuals, they may be prosecuted and punished. But the power vested in a bank director is in its nature discretionary, and error of judgment may always be pleaded for having improperly granted or withdrawn an accommodation. The exercise of that arbitrary power over the property and private concerns of individuals would be so odious that, if the attempt was made, we are confident that it would not be

long tolerated. Considered as a source of profit, which is its only recommendation, it is equally obvious that the plan could not succeed; that whenever there was a temporary pressure and what is called a want of money, the debtors would ask and obtain relief, and that the same measure of indulgence would gradually be extended to every quarter of the Union. It seems indeed self-evident that a government constituted like that of the United States cannot by itself manage and control a banking system spread over their extensive territory; and we know, on the other hand, that the same object may be attained through the means of a bank governed and controlled as that of the United States. It may be added that, if an objection is raised against that institution because the power to incorporate a bank is not expressly granted by the Constitution, it appears to be equally applicable to the plan that has been suggested; since there is no clause in that instrument that expressly authorizes the government of the United States to discount the notes of individuals or to become a trading company.

The United States are, however, justly entitled to participate in the advantages which the bank derives from its charter, by being permitted to issue paper and to extend its operations over the whole country; and that institution must also be allowed, in addition to the usual interest on its capital, a reasonable profit, since it incurs all the risks and is liable for all the losses incident to those operations. The government receives already a portion of the profits in the shape of those services which are rendered here gratuitously, and form in England no inconsiderable part of the benefit allowed to the bank. But for the residue we would prefer to a bonus either a moderate interest on the public deposits or a participation in the dividends when exceeding a certain rate. There can be no doubt that, independent of perfect security, the United States would in that way derive greater pecuniary advantages than from any bank managed by its own officers.

In order to attain perfect uniformity, the value of a paper currency should in the United States be always the same as that of the gold and silver coins of which it takes the place. It is impossible to fulfil that condition better than by making

that currency payable on demand in specie and at par. This cannot be done but at certain places designated for that purpose. The holder of a bank-note cannot at any other place give such note in payment of a debt, or exchange it for specie, without the consent of another party. Strictly speaking, it is not, therefore, at any other place of the same value with specie. This is equally true of any bank-note or convertible paper in any other country. A note of the Bank of England, being only payable in London, will not be of the same value with gold or silver in Scotland, Ireland, or even at Liverpool, unless the exchange between those places respectively and London should be at par. This defect is inherent to every species of paper currency, even when payable on demand. There were three hundred and twenty-nine State banks and twenty-two offices of the Bank of the United States in operation on the 1st of January, 1830. We had, therefore, three hundred and fifty-one distinct currencies, all convertible into specie, but each at different places. A note of the Bank of the United States or of the Bank of North America, both payable at Philadelphia, was no more exchangeable for gold or silver at Bedford, in Pennsylvania, than at Cincinnati; the only difference consisting in the greater distance from the place of payment, which renders a fluctuation in the rate of exchange more probable. When, therefore, it is objected as a want of uniformity that the notes issued by the Bank of the United States and its several offices are not indiscriminately made payable at every one of those places, the objection does not go far enough. In order to attain perfect uniformity, or to render those notes everywhere precisely equal in value to specie, they should be made payable at every town or village in the United States. But although it may be admitted that the notes of the Bank of the United States now consist nominally of twenty-four currencies, each payable at a distinct place, they still fulfil the condition of uniformity required by the Constitution; and the defect complained of is not peculiar to them, but would equally attach to any other possible species of bank-notes or paper currency.

Those notes, wherever made payable, are, by the charter, receivable in all payments to the United States; and as the bank

is obliged, without any allowance on account of difference of exchange, to transfer the public funds from place to place within the United States, any loss arising from that cause falls on the institution. For that purpose, therefore, all the notes issued by the bank constitute but one uniform currency, with which all the duties, taxes, imposts, and excises may be paid. Not only the condition of uniformity imposed by the Constitution is strictly fulfilled, but by far the greater part of the notes which may happen to circulate out of the States in which they are made payable is also absorbed by that operation. The objection is reduced to the simple fact that individuals who may still hold such notes cannot always exchange them at par at a place distant from that where they are payable. In answer to this it must, in the first place, be observed that notes are never found in that situation but by the act of the parties themselves. The banks and its officers never issue or make payments in notes payable at another place than that of issue but at the request of individuals whose convenience it may suit to apply for such notes. Through whatever channel a man residing in New Orleans may have come in possession of ten thousand dollars in notes payable at Charleston, it has always been with his own consent, and never by the act of the bank. When this objection is made, what in fact is complained of is, that the bank will not, or cannot, transfer the funds of individuals, as well as those of the public, from place to place gratuitously,—an operation which has no connection with the uniformity of currency. Supposing there were no bank-notes in circulation and there was no other but a uniform metallic currency, the man who had taken a cargo of flour from Louisville to New Orleans must, in order to transfer the proceeds back to Louisville, either have purchased a bill of exchange or transported the specie. This he may still do since the institution of the bank; and he has no more right to ask from the office at New Orleans to give him in exchange for the specie bank-notes payable at Louisville, than to require that it should pay the freight of his flour from Louisville to New Orleans.

But supposing there was any weight in the objection, it is inherent to the nature of a paper which cannot, in that respect,

be made better than a metallic currency. If A contracts to pay a certain sum to B, it must be at a certain specified place. He cannot engage to do it at five or six different places at the option of B, since it would compel him to provide funds at all those different places, and therefore to five or six times the amount of his debt. It is true that the Bank of the United States has, through its extensive dealings in exchange, facilities to give accommodations in that respect which no individual can have. But it is its interest to extend, as far as is safe and practicable, the circulation of its notes, and one of the best means to effect that object is to pay everywhere their notes, wherever issued, whenever that is practicable. The five-dollar notes are already made thus payable; and, in reality, payment of notes of every denomination, wherever made payable, is rarely refused at any of the offices. The bank may be safely relied on for giving the greatest possible extension to a species of accommodation which it is its interest to give; but the condition can never be made obligatory either on that institution or on any other bank, by whatever name designated or on whatever principle constituted, without endangering its safety. It is obvious that no bank which has branches can have funds at every place sufficient to meet a sudden demand for the payment of a large amount of notes payable elsewhere which may fortuitously or designedly have accumulated at some one place. Even supposing this to be practicable, the condition imposed must necessarily occasion an additional expense, much greater than the benefit derived from it; and if this was done through the means of a bank founded on the public revenue, it would be a tax laid on the community for the advantage of a few individuals.

A similar objection has been made with respect to the dealings in domestic exchange of the bank. These consist of two correlative but distinct operations. The bank purchases at Philadelphia and at every one of its offices bills of exchange payable at different dates and on all parts of the United States where there are such offices, and the bank and its offices sell their drafts on each other payable at sight. The amount of both has been progressively increasing to the great convenience of the public. That of bills of exchange was 29,335,254 and that of

bank drafts 24,384,232 dollars during the year 1829. In the same year the transfers of public moneys which are effected by Treasury drafts, analogous to bills of exchange at sight, have amounted to 9,066,000 dollars. The three items together make a total of 62,785,486 dollars transmitted by the bank in one year through the medium of bills and drafts, which are thus substituted to the transportation of specie to the same amount. The purchase of bills of exchange is an operation similar, as relates to interest, to the discounting of notes. The interest accruing from the time of purchase or discount to that when they become due is equally allowed in both cases. Deducting this, the gross profit on the purchase of bills, arising from the rate of exchange at which they were purchased, amounted, in the year 1829, to 227,224 dollars, or less than three-fourths per cent. The premiums on the sale of bank drafts amounted to 42,826 dollars; but to this must be added the interest accruing on the drafts actually in circulation, and which, estimating, as before stated, the time during which, on an average, they remain so, at fifteen days, amounts to near sixty-one thousand dollars. The profit on those drafts is therefore near one hundred and four thousand dollars, or about three sevenths per cent. The interest lost by the bank on the Treasury drafts is from fifteen to twenty thousand dollars, and the charges for transportation of specie, postage, and incidental expenses amounted, in the year 1829, to 49,847 dollars. The net profit of the bank on the aggregate of those transactions is, therefore, about two hundred and sixty-four thousand dollars, or a fraction more than two-fifths per cent. on the whole amount.

There is not, it is believed, a single country where the community is, in that respect, served with less risk or expense. It is obvious that no one will sell his bills to the bank unless that institution purchases them at a higher or at least as high rate as any other person, and that no one will purchase its drafts unless they are as cheap as any others at market or are considered safer. There is no other ground of complaint, unless it be that the bank can afford to purchase bills dearer and to sell its drafts cheaper than anybody else. This is certainly a public benefit, and the only consideration which has been urged

with some degree of plausibility is, that one of the reasons which enables the bank to obtain a higher price for its drafts is the greater degree of security which they offer, whilst at the same time its peculiar situation would enable it to sell them cheaper than other persons. Without admitting the validity of this observation or denying that the current rate of exchange ought to regulate the price of those drafts, we would wish that they might be sold at par whenever it happens that the operation, from the situation of its funds, is in no degree inconvenient to the bank. Government receives its full share of the profits on those operations. As its business is done gratuitously, it not only saves the interest, as above stated, but also the premium which it would otherwise have to pay on the sale of its drafts. This, calculated at the same rate as for other bills of exchange, would amount to more than seventy, and together with the interest to about ninety, thousand dollars a year.

We have also heard complaints made against the purchase of foreign bills by the bank at the South, and the sale of their own bills on Europe at the East. That this may interfere with the business of capitalists who deal in exchange is true; but the principal public consideration seems to be whether the bank confers a benefit on the Southern planters or merchants by entering into competition for the purchase of their bills, and on the public by offering for sale cheaper or safer means of making remittances abroad. Another great advantage is found in the facility thereby afforded to the bank of having a fund in England on which it receives interest, and which, on an emergency, answers the same purpose as specie. That branch of business, either for the year 1829 or for the average of that and the two preceding years, amounted to 3,580,000 dollars.

The principal advantages derived from the Bank of the United States, which no State bank and, as it appears to us, no bank established on different principles could afford, are, therefore, first and principally, securing with certainty a uniform and, as far as paper can, a sound currency; secondly, the complete security and great facility it affords to government in its fiscal operations; thirdly, the great convenience and benefit accruing to the community from its extensive transactions in domestic

bills of exchange and inland drafts. We have not adverted to the aid which may be expected from that institution in time of war, and which should, we think, be confined to two objects:

First. The experience of the last war has sufficiently proved that an efficient revenue must be provided before or immediately after that event takes place. Resort must be had for that purpose to a system of internal taxation not engrafted on taxes previously existing, but which must be at once created. The utmost diligence and skill cannot render such new taxes productive before twelve or eighteen months. The estimated amount must be anticipated, and advances to that extent, including at least the estimated proceeds of one year of all the additional taxes laid during the war, may justly be expected from the Bank of the United States.

Secondly. It will also be expected that it will powerfully assist in raising the necessary loans, not by taking up on its own account any sum beyond what may be entirely convenient and consistent with the safety and primary object of the institution, but by affording facilities to the money-lenders. Those who in the first instance subscribe to a public loan do not intend to keep the whole, but expect to distribute it gradually with a reasonable profit. The greatest inducement in order to obtain loans on moderate terms consists in the probability that, if that distribution proceeds slower than had been anticipated, the subscribers will not be compelled, in order to pay their instalments, to sell the stock, and, by glutting the market, to sell it at a loss; and the assistance expected from the bank is to advance, on a deposit of the scrip, after the two first instalments have been paid, such portions of each succeeding payment as may enable the subscribers to hold the stock a reasonable length of time. As this operation may be renewed annually, on each successive loan, whilst the war continues, the aid afforded in that manner is far more useful than large direct advances to government, which always cripple the resources and may endanger the safety of a bank.

NOTES AND STATEMENTS.

NOTE A.

RELATIVE VALUE OF GOLD AND SILVER.

It has already been observed that the intrinsic value and average market price of current coins are greater than those of bullion of the same weight and standard, and that the difference is, on account of the greater comparative expense of coinage, greater with respect to silver than to gold coins. The ratio of 15.7 to 1 is nearly that of gold to silver bullion in France, and it has been found to correspond, during a long period, with the market price in that country; whilst the average price of the gold and silver coins has been in the ratio of about 15.6 to 1, making a difference of about $\frac{5}{8}$ per cent. between the two ratios. The English market is, with respect to silver, much more uncertain, from the want of a constant demand and uniform mint price. Silver is accordingly exported in preference to France, and gold to England. The respective prices, as quoted in England, give the ratio of gold coins to silver bullion. If this average ratio is taken at 15.85 to 1, and the average English market price of standard gold bullion at $77|7\frac{1}{2}$, the ratio of gold to silver bullion will be found to be less than 15.8 to 1; and, making the above-mentioned allowance of $\frac{5}{8}$ per cent. for the difference between the two ratios, that of gold to silver coins, as declared from the British average market prices, does not exceed 15.7 to 1. It is in order to guard against any exportation of silver in preference to gold coins, and any possible danger of altering the present standard of value, that we are desirous that this ratio should not be exceeded. The premium on gold coins in France has, in the text, been generally rated at one-half per cent. The true average taken for six years was only one-third per cent.

NOTE B.

ON SCOTCH BANKS.

Chiefly extracted from the Report of the Select Committee of the House of Commons on Promissory Notes of Scotland and Ireland, May 26, 1826.

EXTRACT.

"There are at present thirty-two banks in Scotland, three of which are incorporated by Act of Parliament, or by royal charter, viz., the Bank of Scotland, the Royal Bank of Scotland, and the bank called the British Linen Company.

"The National Bank of Scotland has 1238 partners.

"The Commercial Bank of Scotland has 521.

"The Aberdeen Town and County Bank has 446.

"Of the remaining banks, there are three in which the number of partners exceeds 100, six in which the number is between 20 and 100, and seventeen in which the number falls short of 20.

"The greater part of the Scotch banks have branches in connection with the principal establishment, each branch managed by an agent acting under the immediate directions of his employers, and giving security to them for his conduct.

"The Bank of Scotland had, at the date of the last return received by your committee, sixteen branches, established at various periods between the year 1774 and the present.

"The British Linen Company had twenty-seven branches.

"The Commercial Banking Company in Edinburgh, thirty-one.

"The total number of branches established in Scotland from the southern border to Thurso, the most northerly point at which a branch bank exists, is one hundred and thirty-three.

"Speaking generally, the business of a Scotch bank consists chiefly in the receipt and charge of sums deposited with the bank, on which an interest is allowed, and in the issue of promissory notes upon the discount of bills, and upon advances of money made by the bank upon what is called a cash credit.

"The interest allowed by a bank upon deposits varies from time to time according to the current rate of interest which money generally bears. At present the interest allowed upon deposits is four per cent.

"It has been calculated that the aggregate amount of the sums deposited with the Scotch banks amounts to about twenty or twenty-one millions. The precise accuracy of such an estimate cannot of course be relied on. The witness by whom it was made thought that the amount of deposits could not be less than sixteen millions nor exceed twenty-five millions, and took an intermediate sum as the probable amount.

"Another witness, who had been connected for many years with differ-

ent banks in Scotland, and has had experience of their concerns at Stirling, Edinburgh, Perth, Aberdeen, and Glasgow, stated that more than one-half of the deposits in the banks with which he had been connected were in sums from ten pounds to two hundred pounds."

* * * * * * * * * * * * *

"On sums advanced by the banks on the discount of bills of exchange and upon cash credits an interest of five per cent. is at present charged.

"A cash credit is an undertaking on the part of a bank to advance to an individual such sums of money as he may from time to time require, not exceeding in the whole a certain definite amount, the individual to whom the credit is given entering into a bond with securities, generally two in number, for the repayment on demand of the sums actually advanced, with interest upon each issue from the day on which it is made.

"Cash credits are rarely given for sums below one hundred pounds; they generally range from two to five hundred pounds, sometimes reaching one thousand pounds, and occasionally a larger sum.

"The bank allows the party having the cash credit to liquidate any portion of his debt to the bank at any time that may suit his convenience, and reserves to itself the power of cancelling, whenever it shall think fit, the credit granted."

The amount of deposits on which the Scotch banks allow interest may be estimated at about £18,000,000 sterling. One-half is said to consist of small sums deposited by mechanics, fishermen, and laborers, and that part of the system may be considered as analogous to that of the saving banks and as having the same beneficial effect.

The cash credits are generally for sums from 200 to 500 pounds, sometimes as high as £1000, and sometimes as low as £50. The total amount for which credits are opened is estimated at six, and the average amount actually drawn and due to the banks at four, millions sterling. They are generally granted to shopkeepers commencing business, and to tradesmen generally. The great advantage of this system, which is thus far substituted to the discounting of notes, is, that the borrower never draws more from the bank than what is absolutely necessary for the purposes of his business. The banks require that the capital loaned should be actively and constantly employed. One of the witnesses says, "I would say that no cash account is at all well operated upon unless, at the close of it in a year, the amount of the transactions on each side is, at the very least, five times the amount of the grant. When the account continues stagnant for any length of time we intimate to the holder that, at a fixed period, he must pay it up."

The total amount of the notes in circulation is stated for 1825:

In notes of £5 and upwards	1,230,000
In do. of under £5, never lower than £1 .	2,080,000
at	£3,310,000

The great and efficient method of preventing the over-issuing of bank-notes and the depreciation of their value consists in the practice, rigorously adhered to by all the banks, of exchanging each other's notes twice a week, and paying immediately the balances. For that purpose "all the banks of Scotland have agents at Edinburgh, who exchange their notes twice a week,—Monday and Friday, . . . and the balances (are) paid by short-dated bills (ten days) on London. The state of those balances is looked at by the banks with the utmost jealousy and attention: . . . if anything in any degree wrong were to appear, the banks would instantly correct it, and force a bank acting improperly to alter its mode of conduct." This method is the same which, though with less rigor and uniformity, is successfully used by the *allied banks* of Boston, and by the Bank of the United States, for preventing excessive issues of paper.

It is asserted that the whole loss sustained in Scotland by the public by bank failures through more than a century has amounted to no more than £36,344; and this result seems to be altogether ascribed to the peculiar features briefly noticed in this note.

NOTE C.

RESTRICTIONS ON PRIVATE BANKING.

It is also provided by a law of the State of New York (1818) that "no person, association of persons, or body corporate, except such bodies corporate as are expressly authorized by law, shall keep any office for the purpose of *receiving deposits or discounting notes or bills*, or issuing any evidence of debt to be loaned or put in circulation as money; nor shall they issue any bills or promissory notes or other evidences of debt as private bankers for the purpose of loaning them or putting them in circulation as money, unless thereto specially authorized by law."

The prohibition to issue any species of paper that can be put in circulation as money is perfectly proper, and indeed necessary; but that to receive deposits or discount notes or bills must have had some special and temporary object in view, and does certainly require revision. Why individuals should not be permitted to deposit their money with whom they please is not understood. In such cases interest is generally allowed, and this practice promotes frugality, and should rather be encouraged than forbidden. So long as credit is deemed essential to commerce, the discounting of notes or bills by private individuals creates competition and is a public benefit. Incorporated banks cannot conveniently alter either the rate at which they discount or the time at which the notes discounted must be paid or renewed. Private capitalists may and do modify their loans in both respects according to the state of the money market and to

the wants of the community. They will discount at the rate of four or five per cent. when the use of capital is worth no more; and, being still controlled by the general law of the land, they never can legally receive more than the legal rate of interest. And they may, to the great benefit of commerce, discount business notes due at three and six months' date. The advantages, if not the necessity, of this accommodation are such that it is understood that the law in question is, in that respect, daily disregarded. The prohibition alluded to has no other effect than that of deterring some prudent capitalists from engaging in that business, and of enhancing the premium which those who, in order to meet their engagements, negotiate the evidences of debt due to them, must pay for the discount.

STATEMENT I.

A List of the State Banks in operation on the 1st of January, 1830.

	Capital.
MASSACHUSETTS.	
Massachusetts	800,000
Union	800,000
Phœnix	200,000
Gloucester	120,000
Newburyport	210,000
Beverly	100,000
Boston	900,000
Salem	250,000
Plymouth	100,000
Worcester	200,000
Marblehead	120,000
Pacific	200,000
State	1,800,000
Mechanics'	200,000
Merchants' (Salem)	400,000
Taunton	175,000
New England	1,000,000
Hampshire	100,000
Dedham	100,000
Man. & Mechs'. (Boston)	750,000
Springfield	250,000
Lynn Mechanics'	100,000
Merrimack	150,000
Pawtucket	100,000
Suffolk	750,000
Commercial (Salem)	300,000
Bedford Commercial	250,000
Agricultural	100,000
American	750,000
Andover	100,000
Asiatic	350,000
Atlantic	500,000
Barnstable	100,000
Blackstone	100,000
Brighton	150,000
Bunker Hill	150,000
Cambridge	150,000
Central	50,000
City	1,000,000
Columbian	500,000
Commonwealth	500,000
Danvers	120,000
Eagle	500,000
Exchange	300,000
Fall River	200,000
Falmouth	100,000
Farmers'	100,000
Franklin (Boston)	100,000
Franklin (Greenfield)	100,000
Globe	1,000,000
Hampden	100,000
Hampshire Manufact.	100,000
Housatonic	100,000
Leicester	100,000
Lowell	100,000
Man. & Mechanics' (Nantucket)	100,000
Mendon	100,000
Mercantile	200,000
Merchants' (New Bedford)	250,000
Milbury	100,000
Norfolk	200,000
North Bank	750,000
Oxford	100 000
Sunderland	100,000
Sutton	75,000
Washington	500,000
66 banks	20,420,000
MAINE.	
Portland	200,000
Saco	100,000
Cumberland	200,000
Bath	100,000
Lincoln	100,000
Augusta	100,000
Kennebunk	100,000
Gardiner	100,000
Waterville	50,000
Bangor	50,000
Casco	200,000
Canal	300,000
Manufacturers'	100,000
Merchants'	150,000
South Berwick	50,000
Thomaston	50,000
Union	50,000
Vassalborough	50,000
18 banks	2,000,000
NEW HAMPSHIRE.	
Union	150,000
Concord (Lower)	80,000
Portsmouth	100,000
Exeter	100,000
Strafford	100,000
Cheshire	100,000
New Hampshire	165,500
Rockingham	100,000

STATEMENT I.—*Continued.*

	Capital.
Commercial	100,000
Piscataqua	150,000
Dover	128,070
Merrimack Co.	100,000
Farmers'	65,000
Winnepisogee	83,100
Pemigewasset	50,000
Grafton	100,000
Claremont	60,000
Connecticut River	60,000
18 banks	1,791,670

VERMONT.

Burlington	63,000
Windsor	80,000
Brattleborough	50,000
Rutland	60,000
Montpelier	30,000
St. Alban's	20,000
Caledonia	30,000
Vergennes	30,000
Orange County	29,625
Bennington	40,000
10 banks	432,625

RHODE ISLAND.

Providence	500,000
Rhode Island	100,000
Exchange	500,000
Bristol	150,000
Washington	75,000
Warren	105,350
Smithfield Union	60,000
Newport	120,000
Roger Williams	499,950
Rhode Island Union	200,000
Narragansett	50,000
Commercial (Bristol)	150,000
Manufacturers'	220,000
Union (Providence)	500,000
Pawtuxet	87,858
Burrillville Ag. and Man.	37,360
Cranston	25,000
Eagle (Providence)	300,000
Eagle (Bristol)	50,000
Franklin	38,000
Freeman's	67,000
Kent	20,000
Landholders'	50,000
Merchants' (Newport)	50,000
Merchants' (Providence)	500,000
N. E. Commercial (Newport)	75,000
Phœnix (Westerly)	42,000
R. I. Central	66,275
Scituate	15,660
Warwick	20,000
Bank of N. America	100,000
Mechanics'	394,600
Mech. and Man'g (Prov)	103,990
Hight St. Bank	70,000
Smithfield Exchange	60,000
Village Bank	40,000
Smithfield Lime Rock	100,100
Cumberland	65,750
R. I. Agricultural	50,000
Mount Vernon	40,000
N. E. Pacific	83,750
Union (Bristol)	40,000
Hope (Warren)	100,000
North Kingston	44,485
Centreville	25,000
Woonsocket Falls	51,269
Mount Hope (Bristol)	75,000
47 banks	6,158,397

CONNECTICUT.

New London	146,437
Norwich	150,000
Hartford	1,252,900
Phœnix	1,218,500
Bridgeport	100,000
Union (New London)	100,000
Windham Co.	104,390
Thames	153,500
Fairfield Co.	133,000
Mechanics' of N. Haven	333,850
Middletown	400,000
New Haven	339,600
Stonington	53,000
13 banks	4,485,177

NEW YORK.

State Bank at Albany	369,000
Geneva	400,000
Utica	500,000
Mech's and Farm., Albany	312,000
Catskill	110,000
Phœnix	500,000
New York	1,000,000
Merchants'	1,490,000

STATEMENT I.—*Continued.*

	Capital.
Mechanics'	2,000,000
Farmers' (Troy)	278,000
Albany	240,000
Mohawk	165,000
Union	1,000,000
America	2,031,200
City Bank	1,000,000
Troy	352,000
Ontario	500,000
Chenango	100,000
Auburn	184,000
Central (Cherry Valley).	86,000
Jefferson County	74,000
Tradesmen's	480,000
Dry Dock Co.	200,000
North River	500,000
Commercial	225,000
Dutchess County	75,000
Rochester	250,000
Long Island	300,000
Franklin	510,000
Newburgh	120,000
Orange County	106,000
Lansingburgh	220,000
Manhattan Co.	2,050,000
Delaware and Hudson	700,000
Fulton	750,000
Chemical	500,000
36 banks	19,677,200

NEW JERSEY.

State Bank, Camden	266,050
" " New Brunswick	71,984
" " Elizabetht'n	132,550
" " Newark	280,000
" " Morris	93,700
Farmers' Bank N. Jersey	100,000
New Brunswick	90,000
Newark Bank'g & Ins. Co.	350,000
Sussex	27,500
Trenton Banking Co.	214,740
Cumberland	52,025
Commercial	30,000
Far's. & Mech's, Rahway.	30,000
Orange Bank	50,000
People's do.	75,000
Salem Banking Co.	30,000
Salem and P. Man'g	30,000
Washington Bank	93,460
18 banks	2,017,009

PENNSYLVANIA.	Capital.
Pennsylvania	2,500,000
Philadelphia	1,800,000
North America	1,000,000
Farmers' and Mechanics'	1,250,000
Chambersburgh	247,228
Chester County	90,000
Delaware County	77,510
Gettysburgh	125,318
Pittsburgh	346,155
Carlisle	171,466
Easton	187,380
Farmers' of Bucks Co.	60,000
Farmers' of Lancaster	400,000
Farmers' of Reading	300,000
Harrisburgh	158,525
Lancaster	134,235
Monongahela Bank of Brownsville	102,123
Northampton	112,500
Westmoreland	107,033
York	168,720
Germantown	129,500
Montgomery County	133,340
Northern Liberties	200,000
Commercial	1,000,000
Mechanics' of Phila.	529,330
Schuylkill	500,000
Southwark	249,630
Kensington	124,990
Penn Township	149,980
Columbia Bridge	395,000
Miners' B'k of Pottsville	40,000
Erie	20,000
Girard's	1,800,000
33 banks	14,609,963

DELAWARE.

Delaware B'k, Wilming'n	110,000
Farmers' Bank of Del.	500,000
Wilmington and Brandywine	120,000
Bank of Smyrna	100,000
Commercial Bank of Del.	not known
Wilmington	do.
4 banks	830,000
2 not known.	
6 banks.	

STATEMENT I.—*Continued.*

MARYLAND.	Capital.
Bank of Baltimore	1,197,550
Union	1,500,000
Mechanics'	384,000
Commercial & Farmers'	318,400
Farmers' and Merchants'	414,045
Franklin	406,500
Marine	235,000
Hagerstown	250,000
Farmers' of Maryland	820,000
Susquehanna Bridge	175,000
Westminster	175,000
Frederick County	175,000
Bank of Maryland	200,000
13 banks	6,250,495

DISTRICT OF COLUMBIA.	
Washington	479,120
Union (Georgetown)	478,230
Alexandria	500,000
Potomac	500,000
Mechanics' of Alexandria	372,544
Farmers' of do.	310,000
Metropolis	500,000
Farmers' and Mechanics' of Georgetown	485,900
Patriotic	250,000
9 banks	3,875,794

VIRGINIA.	
Bank of Virginia	2,740,000
Farmers' of Virginia	2,000,000
Bank of the Valley	654,000
North-Western Bank of Virginia	177,100
4 banks	5,571,100

NORTH CAROLINA.	
Cape Fear	795,000
Newbern	800,000
State Bank	1,600,000
3 banks	3,195,000

SOUTH CAROLINA.	Capital.
Bank of State of S. C.	1,156,000
Planters' and Mechanics', Charleston	1,000,000
State Bank	800,000
South Carolina	675,000
Union	1,000,000
5 banks	4,631,000

GEORGIA.	
Bank of State of Georgia	1,303,436
Planters' Bank of do.	566,000
Marine and Fire Insur'c	not given
Augusta	600,000
Darien	484,276
Central	922,317
Augusta Insurance	110,000
Macon	75,000
Merchants' and Planters'	142,000
9 banks	4,203,029

LOUISIANA.	
Louisiana State Bank	1,248,720
Orleans	424,700
Bank of Louisiana	2,992,560
Branch of Bank of Louisiana	1,000,000
4 banks	5,665,980

ALABAMA.	
Bank of State	495,503
Do. of Mobile	148,000
2 banks	643,503

MISSISSIPPI.	
Bank of State of Mississippi and Branches 1 bank.	950,600

TENNESSEE.	
Bank of State of Tenn. 1 bank.	737,817

STATEMENT I.—*Continued.*

OHIO.	Capital.
Chilicothe	500,000
Steubenville	100,000
Western Reserve Bank	82,386
Belmont Bank of St. Clairsville	100,000
Commercial of Scioto	100,000
Farmers' of Canton	100,000
Farmers' and Mechanics' of Steubenville	100,000
Franklin of Columbus	100,000
Lancaster Ohio Bank	100,000
Mount Pleasant	100,000
Marietta	72,000
11 banks	1,454,386
MICHIGAN.	
Bank of Michigan	100,000
1 bank.	
FLORIDA.	
Bank of Florida	75,000
1 bank.	

RECAPITULATION.

	No.			No.	
Massachusetts	66	20,420,000	Louisiana	4	5,665,980
Maine	18	2,050,000	Alabama	2	643,503
New Hampshire	18	1,791,670	Mississippi	1	950,600
Vermont	10	432,625	Tennessee	1	737,817
Rhode Island	47	6,158,397	Ohio	11	1,454,386
Connecticut	13	4,485,177	Michigan	1	100,000
New York	36	19,677,200	Florida	1	75,000
New Jersey	18	2,017,009			
Pennsylvania	33	14,609,963		328	
Delaware	4	830,000	Delaware	1	
Maryland	13	6,250,495			
District of Columbia	9	3,875,794		329	
Virginia	4	5,571,100	Do.	1	
North Carolina	3	3,195,000			
South Carolina	5	4,631,000		330	109,695,745
Georgia	9	4,203,029			

STATEMENT II.

Situation of State Banks of which returns have been obtained.

1st of January, 1811.

State.	No. of Banks.	Capital.	Circulation.	Specie.
Massachusetts	15	6,292,144	2,082,331	1,354,666
Maine	6	1,250,000	496,077	255,998
Rhode Island	13	1,917,000	542,508	394,470
New York	1	269,760	227,423	49,474
Pennsylvania	4	6,153,050	3,221,948	819,322
Maryland	6	4,895,202	2,730,000	850,000
District of Columbia	4	2,341,395	927,397	450,000
Virginia	1	1,500,000	2,942,717	1,499,512
	50	24,618,551	13,170,401	5,673,442

1815.

Massachusetts	20	10,950,000	3,022,112	6,753,669
Maine	8	1,380,000	1,046,783	444,816
New Hampshire	10	941,152	596,323	475,688
Rhode Island	14	2,027,000	549,405	431,859
New York	4	2,413,230	1,194,439	308,199
Pennsylvania	37	11,678,238	6,100,248	1,330,829
Maryland	17	7,832,002	3,970,000	740,000
District of Columbia	7	3,266,457	1,546,540	259,074
Virginia	2	4,029,097	4,616,240	760,943
Louisiana	1	754,900	975,000	
	120	45,272,076	23,617,090	11,505,077

1816.

Massachusetts	25	11,575,000	1,126,743	1,270,469
Maine	11	1,410,000	901,991	312,079
New Hampshire	10	998,121	627,817	259,549
Rhode Island	16	2,317,320	576,526	358,160
New York	4	2,273,000	1,322,684	303,167
Pennsylvania	38	12,880,397	11,401,390	4,005,644
Maryland	20	8,406,782	5,615,000	760,000
District of Columbia	7	3,311,544	2,173,453	283,838
Virginia	2	4,090,762	6,031,446	774,031
Louisiana	1	724,900	925,000	431,246
	134	47,987,826	31,702,050	8,758,183

STATEMENT II.—*Continued.*

1st of January, 1820.

State.	No. of Banks.	Capital.	Circulation.	Deposits.	Specie.	Loans.
Massachusetts . .	28	10,485,700	2,460,697	3,378,565	1,337,172	
Maine	15	1,654,900	1,380,582	278,924	521,317	
New Hampshire . .	10	1,005,276	589,114	117,441	228,831	
Vermont	1	44,955	185,342	46,121	49,690	
Rhode Island . . .	30	2,982,026	738,192	503,512	406,867	
Connecticut . . .	2	467,937	138,234	75,780	44,645	
New York	6	2,068,790	1,058,769	876,633	301,009	
New Jersey . . .	1	214,740	110,624	152,603	21,413	
Pennsylvania . . .	35	12,881,780	3,282,020	4,297,034	2,003,295	
Delaware	6	974,900	405,972	211,454	115,502	
Maryland	1	86,290	44,435	27,153	21,030	
District of Columbia	13	5,525,319	838,030	1,444,902	265,234	
Virginia	4	5,212,192	2,733,746	882,056	993,673	
North Carolina . .	3	2,964,887	3,851,919	635,761	705,582	
South Carolina . .	3	2,475,000	1,063,873	825,305	395,791	
Georgia	4	3,401,510	3,477,071	1,268,982	813,750	
Louisiana	2	924,000	459,850	339,375	290,543	
Alabama	2	321,112	166,686	958,381	192,708	
Tennessee	3	1,545,867	898,129	279,869	343,882	
Kentucky	18	4,307,431	815,406	1,035,672	693,381	
Ohio	19	1,697,463	1,203,869	454,452	433,612	
Indiana	2	202,857	276,288	216,748	86,350	
Illinois	2	140,910	52,021	151,604	74,715	
Missouri	1	250,000	135,258	773,652	252,563	
Mississippi . . .	1	900,000	275,447	212,980	79,608	
	212	62,735,842	26,641,574	19,444,959	10,672,163	

1st of January, 1830.

Massachusetts . .	66	20,420,000	4,747,784	2,545,230	987,213	28,590,894
Maine	18	2,050,000	549,110	497,072	208,921	2,565,256
New Hampshire . .	18	1,791,670	743,457	173,682	226,428	2,466,291
Vermont	10	432,625	680,379	124,880	428,817	856,814
Rhode Island . . .	47	6,118,397	673,836	861,031	343,389	6,909,705
Connecticut . . .	10	3,692,577	1,503,460	452,444	337,788	4,195,690
New York	30	15,637,353	7,959,280	10,354,500	1,560,291	20,370,693
New Jersey . . .	5	844,284	374,799	307,201	83,667	1,153,407
Pennsylvania . .	32	12,810,333	7,308,368	6,841,448	2,414,669	21,474,173
Delaware	4	830,000	376,000	300,000	170,000	not known
Maryland	9	5,525,495	1,733,659	1,864,397	777,009	6,627,270
District of Columbia	9	3,875,794	946,059	564,894	228,914	3,837,272
Virginia	4	5,571,100	3,857,964	1,974,171	832,732	7,698,906
North Carolina . .	3	3,195,000	1,431,543	452,389	179,268	4,621,810
South Carolina . .	1	1,156,000	1,175,000	793,000	129,000	2,605,504
Georgia	9	4,203,029	2,719,356	1,382,634	1,305,141	6,252,474
Louisiana	3	4,665,980	1,301,483	2,016,560	1,492,674	6,796,351
Alabama	1	495,503	522,637	136,656	127,596	237,060
Mississippi	1	950,600	540,190	547,756	77,665	1,927,435
Tennessee	1	737,817	30,550	339,174	78,461	628,436
Total	281	95,003,557	39,174,914	32,531,119	11,999,643	
Capital on which loans are not given: New York 4,394,000 Delaware 830,000		5,224,000				
Capital on which loans are given . .		89,779,557				129,815,441

STATEMENT III.

Number and Capital of the State Banks of the situation of which returns have not been obtained.

States.	First of January, 1811.		1815.		1816.		1820.		1830.	
	No.	Capital.	No.	Capital.	No.	Capital.	No.	Capital.	No.	Capital.
Massachusetts			1	100,000	1	75,000				
Maine					3	450,000				
New Hampshire	8	815,250								
Connecticut	5	1,933,000	10	3,655,750	10	4,017,575	6	3,221,400	3	792,600
New York	7	7,253,000	22	16,533,088	23	16,493,756	27	16,919,984	7	4,446,000
New Jersey	3	739,740	11	2,121,932	11	2,072,115	13	1,916,209	13	1,172,725
Pennsylvania			5	3,390,580	5	2,504,200	1	1,800,000	1	1,800,000
Delaware			5	966,990	5	974,500			*1	not known
Maryland							13	6,621,841	4	725,000
Dist. of Columbia			3	811,838	3	982,469				
Virginia			2	92,000	10	421,415				
North Carolina	3	1,576,600	3	1,576,600	3	2,776,600				
South Carolina	4	3,475,000	5	3,730,900	5	3,832,758	2	2,000,000	4	3,475,000
Georgia	1	210,000	2	623,580	3	1,502,600				
Louisiana	1	754,000	2	677,400	2	697,400	2	1,673,420	1	1,000,000
Alabama							1	148,000	1	148,000
Mississippi			1	100,000	1	100,000				
Tennessee	1	100,000	2	212,962	4	815,281	5	573,915		
Kentucky	1	240,460	2	959,175	2	2,057,000	24	4,500,000		
Ohio	4	895,000	12	1,434,719	21	2,061,927	1	100,000	11	1,454,386
Indiana										
Illinois										
Missouri										
Michigan									1	100,000
Florida									1	75,000
	38	17,992,050	88	36,987,514	112	41,834,596	95	39,474,769	48	15,188,711

* And Bank of Wilmington, not included 1

49

STATEMENT IV.

A List of the Banks which have failed or discontinued their business from 1*st January*, 1811, *to* 1*st July*, 1830.

	Capital.
MASSACHUSETTS.	
Essex	300,000
New Bedford	150,000
Northampton	75,000
Farmers' (Belchertown)	100,000
Brighton	150,000
Sutton	70,000
6 banks	850,000
MAINE.	
Maine	300,000
Penobscot	150,000
Wiscasset	100,000
Hallowell	150,000
Kennebeck	100,000
Passamaquoddy	50,000
Castine	100,000
Lincoln and Kennebeck	200,000
8 banks	1,150,000
RHODE ISLAND.	
Farmers' and Mechanics', Pawtuxet Far's Exch., Gloucester	200,000
1 bank	200,000
NEW HAMPSHIRE.	
Coos	100,000
Concord	29,600
2 banks	129,600
CONNECTICUT.	
Eagle	500,000
Derby	100,000
2 banks	600,000
NEW YORK.	
J. Barker's Exchange	495,250
Utica Insurance Co.	100,000
Columbia	167,650
Hudson	110,000
Niagara	108,000
Plattsburgh	300,000
Washington and Warren.	400,000
New York Manuf'g Co.	700,000
Franklin	510,000
Middle District	487,776
Catskill Aqueduct Asso.	. . .
10 banks	3,378,676
NEW JERSEY.	
Jersey City Bank	200,000
Paterson	160,000
State Bank, Trenton	92,400
Protection and Lombard	200,000
Franklin	300,000
Monmouth	40,000
Manufacturing	150,000
Salem and Philadelphia Hoboken	
7 banks	1,142,400
PENNSYLVANIA.	
Washington	92,070
Farmers' and Mechanics' of Greencastle.	74,485
Do. do. of Pittsburgh	65,337
Juniata	164,478
Marrietta and Susquehanna Trading Co.	239,430
Pennsylvania Agr'l and Manuf'g Bank	110,102
Delaware Bridge	99,715
Allegheny	144,807
Beaver	78,985
Swatara	75,075
Centre	159,610
Huntingdon	123,122
Northumberland, Union and Columbia	116,980
Northwestern Bank	77,688
Union of Pennsylvania	124,792
Silver Lake	64,882
Fayette, New Salem Harmony Wilkesbarre Branch	
16 banks	1,811,558

STATEMENT IV.—*Continued.*

	Capital.
DELAWARE.	
Farmers' and Mechanics' of Delaware.	45,000
1 bank.	
MARYLAND.	
Elkton	110,000
Conococheague	157,500
Cumberland	107,862
Somerset and W.	90,000
Somerset	195,850
Caroline	103,045
Havre de Grace	132,075
City	838,540
Planters', P. George's Co.	86,290
9 banks	1,821,162
DISTRICT OF COLUMBIA.	
Columbia	901,200
Union of Alexandria	340,000
Central	252,995
Franklin	163,265
4 banks	1,657,460
VIRGINIA.	
Ohio Co.	60,000
Charleston M. and C. Co.	32,580
Winchester	122,930
Monongalia	25,000
Farmers' and Mechanics', Harper's Ferry	19,480
South Branch	25,000
Farmers', Merchants', and Mechs'., Jeff. Co.	26,425
Warrentown	60,000
Leesburg Union	20,000
Loudon Co.	30,000
10 banks	421,415
NORTH CAROLINA.	
Fayetteville	
Bertie	

	Capital.
SOUTH CAROLINA.	
Cheraw	20,000
Hamburg	
1 bank	20,000
GEORGIA.	
Darien	480,000
1 bank.	
LOUISIANA.	
Planters' Bank	200,000
Bank of Louisiana	724,000
2 banks	924,000
ALABAMA.	
Planters' and Merchants'	164,175
Tombeckbe	156,937
Steamboat	16,000
3 banks	337,112
TENNESSEE.	
Fayetteville Transfer	110,000
Farmers' and Mechs'. of Nashville	180,200
Nashville and Branches	994,560
Tennessee Bank (old)	371,107
3 Branches of do.	300,000
Nashville Branch of do.	206,775
Rogersville Branch of do.	67,140
4 banks and 5 branches	2,229,782
KENTUCKY.	
Färmers' and Mechs'. of Lexington (*stock and notes at par*)	489,700
Versailles	111,180
Kentucky and Branches	2,756,220
Flemingsburg	61,626
Limestone	135,825
Shepherdsville	55,880
Hinkston Exporting Co.	50,120
New Castle	40,520
Cynthiana	47,900
Centre Bank of Kentucky.	120,000

STATEMENT IV.—*Continued.*

	Capital.
Union of Elizabethtown	39,400
Farming and Commercial Bank	37,219
Greenville	46,640
Newport	54,700
Southern Bank of Ky.	117,222
Farmers' of Harrodsburg	81,000
" " Somerset	22,379
Lancaster Exporting Co.	39,900
Insurance	
Barboursville	
Cumberland Bk. of Burkville	
Burlington	
Bank of Columbia	
Frankfort	
Georgetown	
Greensburgh	
Green River	
Christian Bank	
Bank of Henderson	
" of Washington	
Commer'l Bank of Louisville	
Mount Sterling	
Morgantown	
Monticello	
Farmers' Bk. of Jessamine	
Owingsville	
Petersburg Steam Mill	
Farmers' Bnk. of Gallatin	
Farmers' and Mechanics' of Logan	
Do. do. of Shelbyville	
Farmers' and Mechanics', of Springfield	
Winchester Commercial	
Commonwealth Bank	2,000,000 (*nominal.*)
18 banks	2,307,431

OHIO.

Miami Exporting Co., Cincinnati	468,966
Columbia, New Lisbon	50,000
Granville Alex'n Society	12,002
Farmers' Bank of New Salem	57,000
German of Wooster	25,000
Muskingum	97,800
Farmers' and Mechs'. of Cincinnati	184,776
Cincinnati	216,430
Dayton Manufacturing	61,622
Lebanon Miami Banking Company	86,491
Urbana Banking Co.	49,685
Farmers' and Mechs.' Manuf'g, Chilicothe	99,575
Hamilton	22,707
Zanesville Canal and Manufacturing Co.	79,125
West Union	100,000
Lake Erie	100,000
Steubenville	100,000
Muskingum of Zanesville	100,000
Jefferson Co.	
Bank of Xenia	
18 banks	1,911,179

INDIANA.

Farmers' and Mechs.' Bank	130,000
Bank of Vincennes	127,624
2 banks	257,624

ILLINOIS.

Illinois	105,720
Edwardsville	57,190
2 banks	162,910

MISSOURI.

Bank of Missouri	250,000
" " St. Louis	150,000
2 banks	400,000

MICHIGAN.

Munroe	10,000
1 bank	

RECAPITULATION.

129 banks	$24,212,339
36 do.	not known.
165	

STATEMENT V.

Depreciation, per cent., of Bank-Notes during the Suspension of Specie Payments.

	Baltimore.	Philadelphia.	New York.		Baltimore.	Philadelphia.	New York.
1814. September	20		10	1815. December	18	14	12½
October	15		10	1816. January	15	14	12½
November	10		11	February	13	14	9
December	14		11	March	18	12½	12½
1815. January	20		15	April	23	14½	10
February	5		2	May	20	14	12½
March	5		5	June	20	17	12½
April	10		5½	July	15	15	6
May	14	5	5	August	12	10	5
June	16	9	11½	September	10	7½	3
July	20	11	14	October	8	9½	2
August	19	11	12½	November	9	7	1¾
September	20	15	13	December	9	7	2¼
October	21½		16	1817. January	3	4½	2½
November	15	16	12½	February	2½	4	2½

STATEMENT VI.

Average Amount, for the Years 1819–1829, *of the Principal Items of the Situation of the Bank of the United States.*

	Discounts.	Domestic Bills.	Funded Debt.	Total on Interest.	Real Estate.	Specie.	Deposits.	Gross Amount of Notes.*
1819	32,211,674	336,760	7,236,153	39,784,587		2,743,834	5,734,682	5,056,829
1820	28,808,267	1,526,600	8,258,701	38,593,568		5,214,773	6,581,628	4,410,332
1821	27,099,050	1,598,473	11,859,296	40,556,619	245,846	6,469,224	6,990,073	5,609,220
1822	28,574,893	2,394,688	13,116,004	44,085,785	579,152	3,711,145	6,365,570	5,562,335
1823	30,584,919	2,588,245	10,911,700	44,084,864	736,370	4,899,686	10,401,786	4,671,271
1824	29,478,255	2,563,672	13,373,095	45,415,022	1,393,193	5,909,351	12,918,108	5,935,496
1825	29,327,219	3,270,699	19,807,665	52,405,583	1,566,728	4,686,557	12,885,829	8,836,646
1826	29,592,103	3,592,145	17,885,210	51,069,458	1,745,566	5,174,643	12,578,523	10,235,528
1827	27,948,592	4,568,297	17,724,192	50,244,081	2,118,560	6,327,758	13,727,274	10,808,244
1828	30,820,944	6,018,784	17,127,077	53,966,805	2,298,352	6,205,107	14,454,169	12,414,390
1829	32,703,280	8,417,021	13,925,701	55,046,002	2,474,750	6,411,998	15,172,164	15,011,352

* The actual amount of circulation is generally four-fifths of the gross amount, the rest being notes in transitu, or accumulated in offices where they are not payable.

STATEMENT VII.

Actual Circulation of the Bank of the United States in September, 1830, *showing where the Notes were Payable.*

Where Payable.	Notes in Circulation.
Bank United States	1,367,180
Portland	79,280
Portsmouth	101,985
Boston	271,180
Providence	113,920
Hartford	171,532
New York	834,733
Baltimore	528,638
Washington	647,602
Richmond	469,440
Norfolk	532,400
Fayetteville	713,760
Charleston	835,840
Savannah	522,605
Amount carried forward	7,190,095

Where Payable.	Notes in Circulation.
Amount brought forward	7,190,095
Mobile	940,825
New Orleans	2,623,320
St. Louis	228,700
Nashville	1,235,275
Louisville	662,375
Lexington	908,625
Cincinnati	647,240
Pittsburgh	554,102
Buffalo	258,130
Burlington	96,595
Agencies Cincinnati and Chilicothe	2,375
	15,347,657

SUGGESTIONS

ON THE

BANKS AND CURRENCY

OF

THE SEVERAL UNITED STATES,

IN REFERENCE PRINCIPALLY TO THE

SUSPENSION OF SPECIE PAYMENTS.

BY ALBERT GALLATIN.

NEW YORK:
WILEY AND PUTNAM.
1841.

TABLE OF CONTENTS.

	PAGE
PRELIMINARY OBSERVATIONS	9 [369]
Presumed Advantages of a Paper Currency	9 [369]
Tendency to degenerate into Irredeemable Paper	20 [380]
Fatal Consequences	22 [382]
CAUSES AND INCIDENTS OF THE BANK SUSPENSIONS	25 [385]
Suspension of 1837	25 [385]
Resumption of 1838	37 [398]
Subsequent Suspensions	41 [402]
REMEDIES	46 [407]
By the States	46 [407]
State Debts—Pennsylvania	47 [408]
Restrictive System—Chartered Banks of New York	54 [415]
Free Banking—Law of New York	67 [428]
By the United States	86 [446]
Specie Treasury	86 [446]
A National Bank	88 [449]
A Bankrupt Law	96 [456]
APPENDIX.	
Documents relating to the Resumption of 1837	101 [462]
I. Situation of the Banks in May, 1837, and May, 1838	123 [487]
II. Approximate View of the Population, Banking Capital, and Debts of the several States and Territories	124 [488]

PRELIMINARY OBSERVATIONS.

ALL the banks of the United States are joint stock companies, generally incorporated by the special laws of the several States; in a few late instances established in conformity with the provisions of a general law. In neither case are the shareholders responsible beyond the amount of the capital subscribed. All these joint stock companies are banks of deposit, discount, and issue; they all discount negotiable paper, purchase and sell domestic and occasionally foreign bills of exchange, receive deposits, or open cash credits to individuals, and issue bank-notes, always, nominally at least, payable on demand in specie.[1] These notes have become the local and sole currency of the several places or sections of country where they are respectively made payable. Banking in America always implies the right and the practice of issuing paper money as a substitute for a specie currency.

On the 1st of January, 1830 and 1840, respectively, the capital, liabilities payable on demand, and resources, of all the chartered banks in the United States were, as far as can be ascertained, nearly as follows, viz.:

	1830.	1840.
Number of banks	322	659
Capital	$145,000,000	$343,000 000
Actual circulation and deposits, payable on demand	100,000,000	158,000,000
Other liabilities	not great	44,000,000
	245,000,000	545,000,000
Discounted paper, stocks, and securities altogether .	216,000,000	513,000,000
Specie	20,000,000	32,000,000
	236,000,000	545,000,000

[1] Post-notes, not payable on demand, may be sold and purchased as other negotiable paper, vary in value, and do not form part of the currency proper.

There can be no doubt that in their origin the banks were instituted for the purpose of affording accommodations to the commercial interest, and of supplying the want of a capital proportionate to the extent of the legitimate commerce of the country. The prodigious increase of banking capital and accommodations within the last ten years, so much exceeding that which might be actually wanted for promoting the productive industry of the country, has been attended with consequences affecting all classes, and so fatal, in reference to the currency, that it appears proper, in the first place, to ascertain what are the benefits actually bestowed on the community at large by the substitution of a paper for a specie currency: and these advantages must be reduced to their true value, by distinguishing those which belong exclusively to the issues of paper money from those which might be equally enjoyed with banks and bankers issuing no paper currency and carrying on every other species of banking operations.

These advantages appear to be, commercial punctuality, and the facilities afforded in effecting payments, collecting debts, and making remittances; the conversion of unproductive into productive capital; the saving of a capital tantamount to the enjoyment of an additional capital, and bearing a certain proportion to the amount of paper issues. All but the last might be equally attained with banks or private bankers who issued no paper currency.

Punctuality in fulfilling engagements should be practised by all; but it is essentially a commercial virtue. Credit, at least to a certain extent, is absolutely necessary to commerce. Every merchant must for the fulfilment of his own engagements depend principally on the punctual payment of the debts due to him. This punctuality is so necessary, and the advantages derived from it have become so habitual, that the memory of its origin may be lost. It was indubitably due to the establishment of banks. At the close of the war of Independence, Philadelphia was the only place in the United States where commercial punctuality was general, and that city was indebted for it to the Bank of North America. The same effect was successively produced, as banks were established, in New York, Boston,

Baltimore, and the other commercial cities; and finally almost universally, or wherever country banking has penetrated.

It must be observed that a very small banking capital was sufficient for that purpose, since that object was attained in each of the several commercial cities by a single bank with a capital of not more than five to eight hundred thousand dollars. The merchant who did not pay his discounted note could no longer receive accommodations from the bank; and the protest of a note, either discounted or placed in the bank for collection, became soon sufficient to prostrate his credit. But the result would have been the same had the bank been only one of deposit and discount and not of issue. Commercial punctuality is as indispensable and universal in all the cities of continental Europe as in America, though no banks of issue existed there except in Amsterdam, in Paris, and very lately in some other towns of France. This great advantage, though it had its origin here in banks of issue, is not one which belongs exclusively to such banks.

The same observation will apply to the conversion of unproductive into productive capital, which has been effected by our banks. Every merchant, every person who enjoys or earns a certain income, always keeps on hand a certain amount of currency proportionate to his engagements, to his wealth, and to his wants. So long as it remains in his possession it is altogether unproductive. Deposited in bank, it becomes a part of the funds applied by the banks to discounts, or, in other words, to advances made to the commerce, manufactures, and generally to the productive industry of the country. But in order to produce that effect it is sufficient that the bank should be one of deposit, and not that it should issue bank-notes. Throughout Europe the same description of persons who here make deposits, or, which is the same thing, who keep an account with our banks of issue, do deposit or keep an account with private bankers who issue no bank-notes. And those bankers give the same facilities in effecting payments, collecting debts, and making remittances which are afforded by the American banks of issue.

It is therefore principally, if not exclusively, in the substitution of a paper currency, which costs little or nothing, for one in gold

and silver, which has an intrinsic value, that the benefit derived from the paper issues does consist. The actual circulation of all the banks in the United States does not, when in a healthy situation, much exceed eighty millions of dollars. Deducting twenty millions in specie, which the banks must keep, on an average, to meet demands on that part of their liabilities, there remain sixty millions, which, instead of being applied to the purchase of gold and silver currency, are applied to productive purposes, and add as much to the productive capital of the country. It may already be inferred that the deposits must not be included in the computation, and that the profit consists only of the difference between the actual issues and the specie kept to meet demands on that account; but this branch of the subject requires further explanation.

The exchange of the commodities produced in different countries, or in different districts of the same country, is the basis of all the commercial transactions between those countries or districts. As that commerce becomes more extensive and regular, the principle of the division of labor is applied; the purchase and importation of the foreign and the exportation and sale of the domestic commodities given in exchange become distinct branches of business; masses of respective credits and debits are created; and by far the greater part of the actual payments is effected by the transfer of those credits through the medium of foreign or domestic bills of exchange.

A small portion only is paid in currency, for when the balance of indebtedness is large an extension of credit is generally granted. In large transactions, even not of a commercial nature, such as the purchase of land, it will be found that the payments are also principally made by the transfer of credits accumulated for that purpose, and rarely to a large amount in specie.

The deposits in banks are but occasionally made in specie. They generally consist of transfers of credit from banks, or arise from a note owned by the party and discounted in his favor. Whatever their origin may be, they are credits opened in the books of banks in favor of individuals to whom they are payable on demand. And as payments between country and country or district and district are effected by the transfer of credits

through the medium of bills of exchange, so also payments in all the transactions of any importance between inhabitants of the same city or district are effected by checks on the banks, that is to say, by the transfer of those bank credits which are called deposits.

These checks, like bills of exchange, may be considered as a substitute for currency, or as a special currency between dealers and dealers when the credit in bank (deposit) is in favor of a dealer; between consumers and dealers when the deposit has been made by a person not in active business. They differ from bank issues in that they are not received, as bank-notes are, as a full payment of a debt, and that if not paid by the bank the drawer is still responsible. The bank-note is taken in payment solely from the general confidence reposed in the bank; the check, from the special confidence placed in the drawer.

But the deposits or cash credits on the books of a bank are a liability of the bank, payable on demand, like bank-notes. In reference to such bank, the actual issues and deposits, though not always pressing on it at the same time and to the same extent, are liabilities of the same nature, and for which provision must be equally made.

Of the great benefits derived from these deposits, considered as substitutes for currency and effecting payments with much greater facility than can be done with the precious metals, there can be no doubt. The perpetual transfers of twelve millions of dollars of individual deposits, that is to say, of credits in favor of individuals, in the several banks of the city of New York, together with one or two millions of notes of a large denomination which pass daily from bank to bank and make no part of the general circulation, are sufficient to effect annually payments amounting to about twelve hundred millions. It appears by the late statements of the Bank of France that although the private deposits of that institution do not exceed seventy millions of francs, the transfers (*mouvemens*) of these were sufficient to effect, in six months, payments (*liquidations*) amounting to seventeen hundred and forty-two millions. By an analogous though not perfectly similar process, the actual daily payment of an ultimate balance of two or three hundred thousand pounds in specie

or in notes of the Bank of England effects daily payments of four or five millions sterling in the clearing-house of the London bankers. The same benefits were derived from the ancient Bank of Amsterdam; and the Bank of Hamburg is founded on the same principle. Neither of these institutions ever issued paper money or was even a bank of discount. It was only as banks of deposit, and solely by the transfers of credits substituted for payments in specie, that they accomplished the purpose of discharging, with increased facility, almost all the engagements growing out of the commercial transactions of those two cities.

It is important to observe that if all our State banks were converted into banks only of discount and deposit, but not of issue, the failure of one or more of them could affect only the depositors, and not the community at large; and that, if even the supposition of a general failure by all such banks were admissible, it would only derange the beneficial system of transfers of credit, but would not affect the standard of value, which, since no paper currency had been put in circulation, would, for the community, continue to be the legal coin of the country, and nothing else; whilst under the existing system the deposits, blended, as liabilities payable on demand, with the issues of the banks, contribute to endanger their safety, and may occasionally, in our great cities, cause a suspension of specie payments.

On the other hand, since those deposits would still exist and produce the same beneficial effects if there were no other banks but only of discount and deposit, it does not appear correct to reckon their amount as part of the additional capital acquired by the establishment of our banks of issue. It may, however, be objected that in rejecting, as not belonging to banks of issue, the advantages which might have been obtained by banks only of discount and deposit, it has been taken for granted that such private banks or joint stock banking companies, issuing no paper currency, might be established and sustained in America. This position may be denied; and it may be asserted that banks giving sufficient accommodation to the productive industry of the country could not exist here unless they had the right to issue bank-notes.

This assertion might have been quite correct fifty years ago, and is partly true even now. It must be admitted, in the first place, that there are, as yet, but few men in the United States with a sufficient capital to carry on with safety banking operations, and fewer still who do not find more profitable employment for that capital. The necessity of concentrating for that purpose small capitals and of forming banking associations is obvious; and although the shareholders in such companies are satisfied with dividends generally not exceeding the ordinary rate of interest, and always falling short of the profits of a private banker, the machinery of such institutions is much more expensive, and their gross profits must at least be sufficient to pay the interest, to defray those expenses, and to cover contingent losses.

An examination of the statements of the State banks will show that the resources of those of the commercial cities, particularly of those with a large capital, consist principally of their deposits; and that, though their profits would be somewhat diminished, they would be still sufficient to enable the banks to continue their legitimate operations.

On the 1st of January, 1841, the twenty-two chartered banks of the city of New York, with a capital of little more than twenty millions of dollars, had more than twelve millions of individual deposits, besides near two millions deposited by country or foreign banks, and a gross circulation of apparently about five but in fact of less than three millions.[1] Their loans and discounts exceeded twenty-seven millions, and the stocks owned by them were less than three millions. Had they been only banks of discount and deposit, the aggregate of their assets bearing interest, and amounting to thirty millions, would have been lessened about three millions, or ten per cent. This would, in

---

[1] They had in their possession on the same day more than three millions, in notes of each other or of other banks. The returns of the city banks are made before they have exchanged the notes of each other received during the day. On the 19th February, 1834, the apparent circulation of nineteen city banks amounted to 4,740,000, and the actual circulation after the exchanges to 3,040,000. (Report of Union Committee.)—The daily payments in notes and checks into the several city banks amount to about 4,000,000 in ordinary times.

the aggregate, have reduced their dividends from $6\frac{3}{4}$ to 6 per cent. But those returns embraced several banks which have incurred heavy losses and made no dividend. The sound banks would still have divided at least seven per cent., which is amply sufficient; and, by converting the stocks owned by them into discounts, there would have been no diminution in the amount of their commercial loans.

On the other hand, the country banks, under which denomination must be included those of all the interior States and of the interior parts of the other States, depend principally on their circulation; and although, in many places, the dividends have been extravagant, yet it must be acknowledged that, if the bank-notes were altogether suppressed, the banking capital now employed in the country would be considerably reduced, and become confined to those towns which are the principal centres of its commercial transactions.

Strong reasons might be adduced to show that such a reduction would ultimately be beneficial. It is extremely doubtful whether the banking system, with its indispensable strict punctuality, can, under any circumstances, be beneficially applied to purely agricultural purposes. The only material improvement which has during the last fifty years taken place in Virginia, her having become one of the first wheat-growing States, cannot be ascribed to her banks. In every other respect, what has she gained by the circulation of bank-notes; and what progress has she made, since the introduction of banks, in agriculture, manufactures, commerce, or population? The situation of the planters who cultivate the fresh and fertile soil of Alabama and of Mississippi affords an irrefragable proof of the calamities inflicted on an agricultural country by an exaggerated banking system and by excessive issues.

The inquiry might be pursued farther. Yet as those evils may be ascribed to the abuse and not to the temperate use of banks and bank-paper, and as the advantages of banking are now considered independent of the evils it produces, it may for the present be conceded that banks purely of discount and deposit could not, in the interior parts of the country, be generally substituted for banks of issue; and that, in computing the

additional capital acquired by the banking system, the deposits in country banks may be added to the amount of issues. This would make the whole addition to the capital ninety instead of sixty millions. The estimate is founded on the present reduced amount of issues and deposits, and not on that of the years 1836–37, when they were, together, fifty per cent. greater.[1]

The increase of capital, be it more or less, appears to be, if not absolutely the only, at least the principal advantage derived from a paper currency. It has been denied by some that even this did confer any benefit on the community at large. It has been asserted that the whole profit was engrossed by the issuers, or at best shared only by those whom the issues of paper enabled to obtain additional loans of money; that this profit, instead of being in any way advantageous to the community, was made at its expense; that it made the rich richer and the poor poorer; and that the whole system was one of fraud and iniquity.

It is not perceived on what ground the charge can be sustained, unless it be insisted that the state of society in its present civilization is so unjust and nefarious that every addition to the capital of a nation, every increase of national wealth, produces the same baneful effects, and is a positive evil. That such increase, when effected by the introduction of a paper currency, is always dangerous, and may be attended with most calamitous consequences, is fully admitted. But if a complete guarantee could be obtained that the paper currency would always remain

---

[1] In the Report of the Secretary of the Treasury, of April, 1840, Statement JJ, page 1374, it is thus estimated:

	1st January, 1837.	1st January, 1840.
Actual circulation	112,652,000	86,170,000
Deposits	127,397,000	75,696,000
	240,049,000	161,866,000
Our estimate is as follows:		
Actual circulation		86,000,000
Country deposits		37,000,000
		123,000,000
Deduct specie in banks		33,000,000
Additional capital gained by our banking system		90,000,000

equal in value to gold and silver, the danger would be avoided. And so long as this is the fact, the additional capital thus supplied operates in the same manner and is attended with the same effects as any other increase of national wealth.

The immediate benefits of any acquisition of wealth or capital most certainly accrue to those who have acquired it. This acquisition makes the rich richer, or, to speak more correctly, particularly in this case, it increases the number of those who become rich or independent. But this is not done at the expense of the community; the process does not make the poor poorer. On the contrary, every increase of capital puts in activity a greater quantity, and, all other things remaining equal, has a tendency to enhance the wages of labor. This is consistent with theory and confirmed by experience. Production is always increased in proportion to the increased wealth of a country, labor is better paid, commodities are rendered cheaper, and more comforts brought within the reach of the poor. In America, the quantity of uncultivated land—a dormant capital which perpetually calls for labor in order to render it productive—is the primary cause of that greatest of all the worldly blessings this nation enjoys. Manual labor is better remunerated in America than in any other country. But even here circulating capital—that capital which consists of accumulated consumable commodities—is necessary before labor can be employed. The agricultural laborer, who, without any capital, migrates westwardly to a new-settled country, is immediately employed, and receives competent wages. Yet the product of his labor does not become available till after the ensuing crop; he must in the mean while be fed and clothed; and this would be impossible, and he would have no means of existence, had not the farmer who employs him an accumulated capital sufficient for that purpose.

Since the principal advantage of a paper currency consists in the additional capital it supplies, such currency is most useful, above all most wanted, but unfortunately a more dangerous expedient, in those countries and places where there is the least amount of circulating capital as compared to the demand for it. This is eminently the case in newly-settled countries with a

rapidly-increasing population. We find, accordingly, the local governments of America perpetually resorting to emissions of paper money under the colonial regimen; and that at this moment the excess of issues occurs principally in the Western States, and generally wherever country banks have been established.

The converse of the proposition would seem to be equally true, and that in countries saturated with capital the addition to it by the issue of bank-notes does not compensate for the perpetual fluctuations and alarms growing out of that system. There may be substantial reasons why Great Britain perseveres in it; they have not been fully explained, and are not understood by the writer of this essay. But wherever a paper currency has been introduced, the permanency of its value should be the indispensable condition of its existence.

The unanimous assent of all civilized nations has made gold and silver their universal circulating medium and standard of value. By forbidding any other legal tender in payment of debts, the Constitution of the United States, without absolutely excluding every other circulating medium, has imperatively rendered the precious metals the only standard of value. The substitution of a paper for a gold or silver currency is therefore admissible only on the express condition that it shall always be equal in value to the legal coin of which it is the representative; and that equality cannot be maintained unless the paper be at all times convertible, on demand, into such coin at its nominal value. Any deviation from that principle is unjust in itself and an evasion of the constitutional provision. It is a violation of existing contracts, renders all subsequent engagements uncertain, destroys confidence, and impairs private and public credit.

Banks of issue, deposits, and discounts have, therefore, a double duty to perform: first, to be at all times ready to pay their notes and deposits in specie, so as to preserve the constitutional standard of value; secondly, to give accommodations by advances to the productive industry of the country; for which purpose, indeed, they were instituted. But the first duty is positive and absolute; they are bound, in the first instance, to fulfil their engagements; it is the express condition on which

the banks were permitted to issue paper; they have no right whatever to issue a depreciated currency. The second duty is discretionary, and subordinate to the first; it can be exercised rightfully only so far as can be done without running the risk of placing themselves in a situation that would put it out of their power to fulfil their engagements.

These two duties are, therefore, to some extent contradictory; and the question has been agitated in England whether they ought not and might not be separated. This will not be now discussed, as it is believed that, at least for the present, such separation would, as a general measure, be impracticable in the United States.

The present situation of the banking system has proved but too conclusively the general inclination to increase immoderately the banking capital and the number of banks, and also the general tendency of all the banks to extend their loans and discounts beyond what prudence and their primary duty would dictate; and it is believed that this defect is inherent to all joint stock banking companies.

Not only is it the interest of the shareholders, so long as they are not personally responsible beyond the amount of their shares, to obtain as large a dividend as possible, but the evil grows out of the manner in which joint stock companies must be governed. The direction must necessarily be placed in the hands of a few men who have comparatively but little interest in the bank. Most of them are selected amongst men in active business, in order that they may be able to judge of the solidity of the paper offered for discount; and, as they are not paid, it is impossible to expect that they should attend without deriving some compensation for the sacrifice of a portion of their precious time. This may consist in part from the discounts they obtain for themselves, which may always be kept within reasonable bounds. But the power and consideration attached to the office can be obtained only by granting favors; whilst, on the contrary, a refusal renders the directors unpopular. To this may be added a want of sufficient moral responsibility. The honorable merchant who would feel disgraced by his own individual failure is not affected by that of the bank of which he may be a director. It

is well known that this general observation does not apply to bank directors alone, but to all public bodies. Of all the causes, however, which contribute to an improper extent of discounts, the most general and efficient, the most prolific source of the errors of bank directors, is the natural sympathy which they feel for men who are engaged in similar pursuits to their own. It may, upon the whole, be affirmed that banks, though money-lenders, are in fact governed rather by the borrowers than by the lenders.

It is known to everybody that the liabilities payable on demand of the best-conducted banks are always necessarily much greater than their immediately available resources. In order to be sustained, not only must they enjoy general confidence, but their existence depends on the will of the commercial community. If, in a time of extraordinary pressure, those who are deeply embarrassed should, under great excitement, either from selfish motives or rather from error in judgment, think it desirable to shelter themselves under a general relaxation, they may, if sufficiently numerous and influential, force, and have, in fact, occasionally lent their aid in forcing, banks to suspend or to persevere in suspending specie payments.

Such a general suspension is therefore the natural general disease of the banking system; it is that to be most guarded against, as it is also in its consequences the most fatal; much more so than the occasional failures of some individual banks, which, though an evil, are rare,[1] local, and not contagious.

The example of the suspension by the Bank of England, which continued more than twenty years, has sometimes been adduced in proof that such an event was a very tolerable evil, and an expedient to which resort might occasionally be had.

What were the inducements of the British government for resorting to that expedient in the year 1797, after having, during the next preceding one hundred years, carried on several wars without having found such measure necessary, and what actual advantages, political, financial, or commercial, she derived from

---

[1] This will be adverted to hereafter. Not one of the city banks of New York has failed since the year 1829.

it, it is not necessary, or perhaps proper, to discuss in this place. But it cannot be doubted that that act dissolved the charm; and that since the resumption the alarms and inconveniences connected with paper issues have been increased and aggravated by the feeling that, as the bank had once, so it might again suspend its specie payments. The effect in America has been to familiarize the idea that a continued suspension might become the ordinary state of things, and that banks might fail without becoming bankrupts.

But the situation of the United States is very different from that of Great Britain when a general suspension of the banks takes place. Great Britain is governed by one and the United States by twenty-six independent Legislatures. There a single bank controls the whole system; here it is left at the mercy of an indefinite number of banks independent of each other. Accordingly, the issues of the irredeemable notes of the Bank of England were at first kept within reasonable bounds, and the depreciation for several years was almost insensible. It increased gradually; and during the years 1811–1815 the notes of the bank had sunk from 20 to 25 per cent. below their nominal value. Even under more favorable circumstances the evils which follow a departure from sound principles could not ultimately be averted.

The great difference, however, between the effects of a general suspension in the two countries respectively is the uniformity of the depreciation in England, whilst the reverse is the case in America. The notes of the Bank of England were alone substituted there for the precious metals as a legal tender. All the other banks of issue, the private bankers of England, and the joint stock companies of Scotland were still obliged, when called upon, to redeem their own issues in notes of the Bank of England, or, which was the same thing, in drafts on London. Whatever the depreciation might be, whatever evils might be caused by its fluctuation, still that depreciation was at the same time the same throughout every district of Great Britain and of Ireland; it affected in a direct manner all foreign exchanges and transactions; it had no immediate and direct effect on domestic exchanges.

In the United States the depreciation is different at the same time in the different States, in different districts of the same State, and occasionally in the different banks of the same district. The effect is not confined to foreign exchanges; the different and fluctuating depreciation affects domestic exchanges and every species of domestic transactions. Those evils have increased with the protracted continuance of the suspension, and the effect on the moral feeling of the community has been most lamentable.

When banks suspend specie payments, their debtors have a right to discharge the debt in the depreciated paper of those institutions. But because the banks offer to pay their own debts with the same paper, it is not perceived whence the right accrues to individuals to pursue the same course towards each other. They have not the legal right, since, in case of a suit, the debt can only be discharged in the legal coin of the country; nothing but gold or silver is by the Constitution a legal tender. Morally, every debtor is still bound to pay his creditors, the suspended banks only excepted, in coin, or at least in the depreciated currency at its market-price in gold or silver. It happens, however, that the great mass of merchants who reside in the same place, being at the same time debtors and creditors, find it more convenient still to pay each other by the transfer of bank deposits, or to take and pay the bank paper at its nominal value. This, whilst confined to those who have a common interest in pursuing that course, may not be improper, and is convenient. But it is utterly unjust towards those who are creditors at home and debtors abroad, towards all those who have only debts to collect and none to pay, or who, if they have payments to make as consumers, are obliged to purchase at enhanced prices. The loss falls heavily and most unjustly on those who live on wages, which do not advance with the enhanced prices of articles of consumption, but which, on the contrary, generally fall during a period of universal derangement.

The injustice is still greater between those different cities and States where the depreciation is not the same. When the parties have failed or are unable at once to meet their engagements,

amicable arrangements must take place; and the creditors in such cases are satisfied to receive what the debtor can pay. But those debtors, residing in States or places where the local currency is most depreciated, who can pay, now begin to think that, because they pay and are paid at home with that currency, they are absolved from the obligation to pay in any other way their creditors who reside in other places or States. It amounts to this: you must receive this depreciated paper at par, or you may institute a suit, and the creditor, who knows the expenses and delays of the law, and who must realize his active debts in order to meet his own engagements, is compelled to submit. In process of time the people generally acquiesce; the banks seem to forget altogether in what consists their primary duty, and under pretence of alleviating the distress consult only their own convenience. The same feeling at last penetrates into the legislative halls, and the State Legislatures, which at first had appeared disposed to enforce a prompt return of the banks to their duty, yield, and authorize, sometimes even encourage, an almost indefinite continuance of the suspension.

It would be painful to pursue the subject any farther, and to advert to the recklessness, gross neglect, inconceivable mismanagement, amounting to a breach of trust, to the disgraceful and heretofore unheard-of frauds which have occasionally occurred, or to that which is perhaps still worse, the apathy or lenity with which those enormities are viewed.

It may with truth be affirmed that the present situation of the currency of the United States is worse than that of any other country. The value even of the irredeemable paper money of Russia has, during the last forty years, been more uniform, and in its fluctuations the tendency has been to improve and not to deteriorate that value. No hesitation is felt in saying that whatever may be the presumed advantages of a moderate use of a paper currency convertible into specie on demand, to have no issue of paper would be far preferable to the present state of things. The object of this essay is to inquire whether any practicable remedies can be applied to the system.

CAUSES AND INCIDENTS OF THE BANK SUSPENSIONS.

All active, enterprising, commercial countries are necessarily subject to commercial crises. A series of prosperous years almost necessarily produces overtrading. Those revolutions will be more frequent and greater in proportion to the spirit of enterprise and to the extension or abuse of credit. But however prices may be affected, and whatever may be the evils growing out of the crisis, there will be no violation of contracts, and the standard of value will not be affected, in countries where there is no paper currency. The danger of a suspension of specie payments, which immediately deranges that standard, is necessarily increased in proportion to the amount of issues of paper of that description, and that amount depends, in a great degree, on the denomination of the bank-notes permitted to be issued as currency, on the number of the banks of issue, and, in the United States, on the capital invested in bank stock.[1]

All these dangerous elements are found united in a greater degree in the United States than in any other commercial country. The large field opened for enterprise, the free institutions of the country, and the indomitable energy of the people have produced results astonishing and without parallel in the history of other nations. A wilderness has within forty years been converted into the abode of six millions of civilized and most industrious people. Expensive communications have been opened, superior in extent and importance to those of continental Europe. The American commerce and navigation extend to every quarter of the globe, and are inferior to those of no other country but England. But there are evils which, to a certain extent, appear to be the necessary consequence of a state

[1] The capital of the banks is in the United States universally loaned to traders; generally speaking, the European banks and bankers lend only the amount of their circulation and deposits. The capitals of the Bank of England and of the Bank of France are vested in public securities.

of high commercial prosperity, and which in America are much increased by the want of a capital proportionate to the extent of commercial and other undertakings.

Overtrading has been the primary cause of the present crisis in America. Abundant proofs of the fact are found in the immoderate use of foreign credit, as well as in the excessive importations, and sales of public lands, in the years 1834–37.

Of imports:

During the nine years 1822–1830 the average annual amount was	$59,000,000
During the three years 1831–1833 the average annual amount was	83,000,000
During the four years 1834–1837 the average annual amount was	130,000,000
In the year 1836 alone the amount was	168,000,000

The average annual excess of imports over the exports amounted to four millions during the first nine years; to eighteen millions during the three next ensuing; to thirty-four millions during the four last, and to sixty-one millions in the year 1836 alone.

The average annual sales of public lands, which during the first nine years did not exceed 1,300,000 dollars, and which during the years 1831–35 had reached 4,500,000, amounted in 1835 to seventeen and in 1836 to twenty-five millions. Speculations in unimproved town lots, mines, and every description of rash undertakings increased at the same rate.

The fault, or error, originated with the people themselves. The traders and speculators have attempted to ascribe their disasters altogether to legislative acts; to those of the Administration, or to other collateral causes, which have indeed aggravated the evils, but the effects of some of which have been exaggerated. Still, although it would be improper to abridge the freedom of action which all individuals should be permitted to enjoy, it is certain that the spirit of enterprise did not require any artificial stimulus.

The prodigious increase of State banks was the result of State legislation. From the 1st of January, 1830, to the 1st of January, 1837, three hundred new banks were created, with a capital

of one hundred and forty-five millions of dollars. This increase was undoubtedly due to the eagerness for capital applicable to commercial accommodations or other purposes. It may be ascribed in part to the expiration of the charter of the Bank of the United States, and to the anticipation of that event. It was thought necessary in some places to fill the chasm in capital and commercial accommodations that must follow the dissolution of that institution. The same effect had been produced in the years 1810–16 on the occurrence of the expiration of the charter of the former national bank; and in both cases the increase far exceeded the apprehended loss and the wants of the country.

The great increase of banks took place, accordingly, in the Western States, where capital was most wanted. During the years above mentioned the increase in the banking capital of the North-Western States amounted to near twenty, and that of the South-Western to almost fifty-five, millions of dollars.[1]

But that increase was far beyond what might have been wanted for useful purposes. Near three-fifths of the foreign merchandise imported into the United States are imported into New York. That city is also the principal place of deposit for the sale of the domestic manufactures of the country; and it is also the centre of all the moneyed transactions of the United States. In the year 1837 the capital of all the banks of that city hardly exceeded twenty millions of dollars; and it was sufficient for all the legitimate operations of commerce. When an unexpected increase of the public deposits enabled and induced those banks to expand their discounts beyond their ordinary rate, that excess excited overtrading, and was applied to extraordinary and dangerous speculations.

In order to obtain or to assist in obtaining the capital wanted for the new banks, for internal improvements, and for some other miscellaneous purposes, debts were incurred by several

[1] The designations of the Secretary of the Treasury of the United States are adopted here as convenient for reference. According to these, Ohio, Indiana, Illinois, Michigan, Missouri, and Kentucky are the North-Western, and Tennessee, Alabama, Mississippi, Louisiana, and Arkansas the South-Western, States.

States amounting, from 1830 to 1838, to near one hundred and fifty millions of dollars. The debt contracted by the Atlantic States was almost entirely for internal improvements; no part of it for banking purposes; and it fell little short of sixty millions. That contracted by the North-Western States amounted to about thirty-eight millions, of which thirty-one millions five hundred thousand dollars were for internal improvements, and the residue for banking capital. That incurred by the South-Western States was about fifty-two millions, of which more than forty-four millions were for banking capital, and the residue for internal improvements.

The population of the United States by the census of 1840 exceeds seventeen millions, of whom ten millions seven hundred and sixty thousand are in the Atlantic, four millions one hundred and thirty thousand in the North-Western, and two millions two hundred and thirty thousand in the South-Western States.

It may be observed that the reason why so much more capital was applied in the South-Western than in the North-Western States to banking purposes is to be found in the difference of capital wanted for the employment of slave and free labor respectively. The Northern farmer advances no more than twelve months' wages to the laborer he employs. The Southern planter who wishes to increase the product of his land must advance the price of the slave himself, which amounts perhaps to five or six times the net product of his annual labor. The application of banking accommodation to purely agricultural purposes has accordingly been much greater and has been attended with far more fatal effects in the South-Western States than in any other section of the Union. But even the State debts created for internal improvements have co-operated in aggravating the evils under which we now labor. Not only were their proceeds applied to purposes of which the returns were slow and uncertain, but they also supplied the means of paying balances or obtaining credits abroad. Thus, extravagant importations were encouraged, whilst at the same time some of those stocks became objects of speculation at home, in which individuals and banks were involved, and which proved injurious to all the parties

concerned,—to the States as well as to the purchasers. Several of the States neglected to provide a revenue sufficient to pay the annual interest accruing on their debts. Additional loans were resorted to for that purpose, and occasionally forced loans were required by the States from the banks, which lessened their resources and had a tendency to produce or to protract the suspension of specie payments.

It has ever been the opinion of the writer of this essay that a public debt was always an evil to be avoided whenever practicable; hardly ever justifiable except in time of war; to be resorted to even then with sobriety; and never to be incurred without providing at the same time an additional revenue sufficient to pay the interest and ultimately to discharge the principal of the debt. A long life of experience and observation has produced an intimate conviction of the soundness of those principles. Independently of the great, manifest, and permanent evils inflicted by the abuse of public credit, every public debt absorbs a capital which otherwise would have been applied to purposes at least as productive as those for which the debt was incurred. It has a tendency, perhaps more than any other cause, to concentrate the national wealth in the hands of a small number of individuals. The interest must at all times be paid by taxes extracted from the proceeds of the productive labor of the community, and it feeds the drones of society.

These considerations do not by any means justify the suggestion that a nation is not bound to discharge the engagements contracted, even perhaps improvidently, by its government. A son who inherited a large estate might with as much propriety think himself under no obligation to discharge the liens on his inheritance. In the United States, where such engagements have always been contracted by the immediate representatives of the people, and those representatives elected by universal suffrage, there is not even the color of a pretence for the supposition that the people are not bound by the acts of those representatives. Any such suggestion should at once be indignantly dismissed as dishonest and disgraceful. The errors of legislation may be regretted, but they bind the nation.

The early agitation of the question respecting the renewal of

the charter of the Bank of the United States, the veto of the bill passed by the two Houses of Congress for that purpose, and the removal of the public deposits long before the expiration of the charter, are the principal acts of the executive branch of the general government which may have affected the state of the currency.

Previous to any of these there had been an improper interference on the part of the Treasury Department in the choice of some of those officers whose appointment did by the charter belong exclusively to the directors of the mother bank. This, instead of strengthening, had a tendency to weaken the natural and legitimate influence of that Department over the general management of the bank; it was an unfortunate and novel introduction of party feelings into the fiscal concerns of the nation.

The President had an undoubted right to put his veto on a law which renewed the charter of an institution which, in his opinion, was not constitutional. But there was no necessity for the early attack on an institution the charter of which did not expire till two years after the end of the term for which the President had been elected.

The currency of the country was as sound in the year 1829 as may probably be expected under any system which admits the substitution of paper for the precious metals. It seems to have been unwise to interfere with this without having previously weighed the probable consequences and without having prepared a proper substitute. The President indeed suggested the possibility not of dispensing altogether with a national bank, but of establishing one founded on different principles. It appears, however, that he entertained only general views on the subject, and had not adopted any determinate plan of action. In point of fact, no such plan or substitute was ever offered; and the final result was to leave the currency at the mercy of State banks and State legislation.

The immediate consequences were to encourage the creation of new State banks, to place the government and the Bank of the United States in an unnatural hostile attitude to each other, to change the character of that institution, which could not pre-

viously be justly charged with any wilful misconduct, and to convert every discussion connected with the subject into pure party questions.

The early removal of the public deposits seems to have been unnecessary; and the reasons alleged for it were altogether insufficient. On a similar previous occasion those deposits had been removed only a week prior to the expiration of the charter of the former Bank of the United States. Not the slightest inconvenience was felt on that account. And it may be generally observed that the course pursued at that time by all parties was such that the bank expired quietly without agitating the public mind. The subject did not, as of late, absorb every other public consideration and become the great political or party question of the country.

The specie circular issued at a subsequent date, and which directed the payments to the Treasury for public lands, and only for public lands, to be made in specie, appears to the writer of this essay to have been improper. The order was issued several months before the suspension of specie payments by the banks. Whether the President thought the practice of paying in notes of specie-paying banks, generally acquiesced in for a period of more than forty years, to be consistent with or contrary to the Constitution, the rule should have been general. It is not seen on what principle two different rules were established and a distinction made between payments into the Treasury on account of duties on importations and those for purchases of public lands; between those who claimed lands by entries according to law or by actual settlement.

The only effect of that measure, so far as it has been ascertained, was to cause a drain of specie on the banks of New York at a time when it was important that that point should have been strengthened. It transferred specie from the place where it was most wanted, in order to sustain the general currency of the country, to places where it was not wanted at all. It thus accumulated so much in Michigan that, whilst it was travelling from New York to Detroit, the Secretary of the Treasury was obliged to draw heavily on Michigan in favor of New York and other seaports. Had no interference taken place,

and had the transactions of individuals been left to their natural course, it is clear that the lands would have been paid for in Eastern funds, and that the double transmission of specie where it took place would at least have been avoided.

Independently of the objections to which premature and intermediate measures may be liable, the charges against the President for having interfered in the currency resolve themselves into the single fact of having prevented the renewal of the charter of the Bank of the United States. The direct and immediate effects cannot be correctly ascertained; but they have been greatly exaggerated by party spirit. That he found the currency of the country in a sound and left it in a deplorable state is true; but he cannot certainly be made responsible for the aberrations and misdeeds of the bank under either of its charters. The unforeseen, unexampled accumulation of the public revenue was one of the principal proximate causes of the disasters that ensued. It cannot be ascribed either to the President or to any branch of government, and its effects might have been the same whether the public deposits were in the State banks, or had been left in the national bank, organized and governed as that was.

By the provisions of the Act respecting the tariff, generally called the Compromise Act, the reduction of the duties to the amount deemed sufficient, after the final payment of the public debt, to meet the national expenditures was made gradual, and could at first operate but slowly. But in order to prevent the accumulation of moneys in the Treasury, every foreign article which did not compete with domestic industry was made duty free; and this measure seems to have been deemed sufficient by all parties to effect the purpose. This proved to have been a mistake. It may be that the repeal of the duties on certain articles encouraged too large importations in that respect; but all the causes which excited overtrading were in full operation. And it is probable that the danger of an accumulated revenue did not sufficiently attract the attention of the Legislature.

A revenue consisting exclusively of duties on importations and of the proceeds of the sales of public lands must necessarily be subject to great fluctuations; and such had been ex-

perienced in the year 1817 and at other times. But they were not felt, and therefore not particularly attended to, so long as, in addition to an annual fixed appropriation, all the surplus revenues were appropriated and applied to the payment of the principal of the public debt. That payment was the safety-valve which prevented any dangerous accumulation of moneys in the Treasury. Whether any systematic arrangement, connected with such of the expenditures for the defence of the country as may be lessened or increased according to circumstances, might not have been devised, is an important question, which will hereafter well deserve the consideration of government. No such prospective measures, however, had been deemed necessary; and more than forty millions of accumulated revenue became deposited in the State banks, thus affording a new extraordinary fund for bank accommodations and expansions. These were unfortunately encouraged by the Treasury Department, which seems on this occasion to have yielded to the general clamor of those who represented the withdrawal of the capital and loans of the Bank of the United States as threatening ruin to commerce. Apprehensive that the deposit banks of the city of New York could not, on account of the limitations in their charters, sufficiently extend their discounts, the Secretary of the Treasury had, before the Act of June, 1836, directed those institutions to lend a part of the public deposits to the other city banks.

This course was sanctioned by that Act, which directed that the public deposits in any bank should not exceed three-fourths of its capital; and the law, by directing that the banks should pay interest whenever those deposits exceeded a certain sum, rendered their partial application to discounts actually necessary.

But Congress, justly alarmed at that great increase of the public moneys in the Treasury, thought proper to distribute it among the several States. The propriety of this measure, and its consistency with the spirit of the Constitution, may be questioned. Subsequent events have shown that the amount intended to be withdrawn from the Treasury was too large, and that, as might have been anticipated, the revenue of the next ensuing years fell short of the current expenditures. But,

viewed in reference only to the banking system and to the paper currency of the country, the process, though protracted and spread over fifteen months, was much too prompt. The Legislature was not, and could not indeed be, aware how slow and gradual the diminution of discounts must be in order that universal distress may not ensue.

The public deposits in the city banks of New York amounted to fourteen millions of dollars. At the same time that they were ordered to be withdrawn, the state of the money market in England arrested the progressive and exaggerated credits heretofore granted to the American merchants, and on the continuance of which they had relied. The consequent necessity of making large remittances to England, while those expected from the South-West began to fail, and the simultaneous withdrawal of the public deposits, may be considered as the principal proximate causes of the suspension of specie payments in 1837. In the city of New York the great destruction of capital by the fire of December, 1835, frauds committed on one of the principal banks,[1] and some other local incidents, co-operated in producing that result. The Bank of the United States had but little share in it.

It would be idle to inquire whether, if the charter of that institution had been renewed, and if it had been the sole place of deposit of the forty millions of public moneys, the suspension might have been prevented. That would have depended entirely on the manner in which the bank might have been administered.

That institution had ceased to be a regulator of the currency as early as the years 1832–33, when its discounts and other investments were increased from fifty-five to sixty-five millions, that is to say, at the rate of 85 per cent. beyond its capital; whilst those of the sound banks of our great commercial cities did not exceed the rate of 60 per cent. beyond their capital. It is not necessary to inquire whether this expansion was the natural consequence of the course of trade, whether the Bank of the United States was in any degree influenced by considerations

[1] Manhattan Company.

connected with its own existence, or whether the machinery carried away the directors instead of being governed by them. It is obvious that it is only by keeping its discounts at a lower rate than those of the State banks that these can be its debtors; and that it is only by enforcing the payment of the balances that it can keep them within bounds and thus regulate the currency. A contrary course will induce the State banks to enlarge their own discounts, and will engender excessive issues, followed by necessary contractions and unavoidable distress.

But a great change had taken place in the situation of that bank. On its dissolution, in March, 1836, it accepted a new charter on onerous conditions from the State of Pennsylvania, and, contrary to what had been anticipated, the greater part of its circulation was almost immediately returned to it for redemption. It now appears by a statement of its affairs dated 1st February, 1836, and laid at the time before the stockholders, that its actual circulation amounted on that day to $24,360,000, and its deposits to $4,400,000. On the 1st January, 1837, the actual circulation was reduced to $11,450,000, and the deposits to $2,330,000. Those funds on which, in addition to its capital, the bank must rely for making or continuing its discounts, were in ten months reduced from near twenty-nine to about fourteen millions, or more than one-half. It was impossible to have, within that short period, reduced the discounts to the same extent. Accordingly, the bank had already incurred other liabilities, not payable on demand, amounting to near seven millions of dollars; its specie had been lessened from $7,650,000 to $2,640,000, and it was as powerless and as unable to prevent the suspension as the other State banks. Its situation was not known to the banks of New York when application for relief was, at the moment of the crisis, made by that city to that institution. The manner, however, in which the relief was granted did not weaken it.

It must be acknowledged that, great as was the distress during that winter, and notwithstanding all the ominous circumstances of the times, the danger of a general suspension was not anticipated by the banks or the merchants of New York, nor indeed, it seems, anywhere else, before the month of March, 1837.

From that time the city banks made the most strenuous efforts to avert the event, and so successfully as to arrest the drain of specie, the amount of which in their vaults was not lessened between the first and the last day of April. The comptroller of the State and the other commissioners of the canal fund, on being applied to and made acquainted with the imminent impending danger, had also agreed to lend to the banks three millions five hundred thousand dollars of State stocks, which they were authorized to issue, but the proceeds of which were wanted only gradually within the two or three ensuing years. The loan was on the express condition that the stocks of the State, which were then above par in England, should be used as remittances, and to that extent lessen the intense demand for specie for the same purpose. The necessity of a law authorizing the banks to purchase the stock caused an unavoidable delay, which prevented the execution of the agreement: for, on the very day on which the law was passed, the drain on the banks, which had gradually increased, became so intense that they concluded the same night to suspend their specie payments. It cannot be affirmed that this drain was anything more than the result of a general panic. Yet there were symptoms of combination in the manner in which it was conducted. Such were the situation and feelings of the banks throughout the whole country that they all, without any exception, and almost without deliberation, instantaneously suspended, as fast as the mail could convey the intelligence of the suspension in New York.

The Legislature of New York was on the eve of adjourning when the suspension took place. Under the excitement of the moment, and without sufficient deliberation, a law was passed, commonly called the Suspension Act, altogether unnecessary, and in some respects mischievous.

By the general laws of the State, or by the charters of the several banks, it was already enacted, 1st, that whenever a bank suspended specie payment during ten days[1] it should thenceforth cease its operations, save only the collection and payment

[1] The term for the old banks, whose charters were renewed about the year 1831, was three months.

of its debts, unless, on application to the chancellor or circuit judge, and an examination of its affairs, it was permitted by that officer to continue its operations; 2dly, that if, at the expiration of one year, the bank did not resume its payments, it should be deemed to have surrendered its rights and be adjudged to be dissolved.

The Suspension Act released for the term of one year the banks from any forfeiture of their charters incurred on account of a suspension of specie payment. It left the general law to operate at the expiration of the year as before provided. Its only effect, in that respect, was to release the banks from the obligation of submitting the statement of their affairs to the chancellor, and to allow them to continue their operations without his permission; reserving, however, the power already vested in the bank commissioners to apply for an injunction in any special case, when the situation of the bank appeared to require it. This alteration was quite unnecessary. It would have been far more eligible to allow the general law to operate; and this special provision conferred no real benefit on the banks.[1]

The only other enactment of the law intended to favor the banks was that which placed them on the same footing as individuals, by allowing no costs in suits under fifty dollars. But nothing was more easy than to institute suits on ten five-dollar notes together, and the result was the same as if the enactment had not taken place. The city banks were compelled silently to withdraw their five-dollar notes from circulation; and the only effect was a substitution in the city circulation of notes worse than theirs.

In another respect the special law was injurious to the city banks, by compelling them to take in payment of their debts the notes of the country banks.

But the moral effect of the law was bad. Though it had in

---

[1] One bank alone, wishing to rest on the general without any aid from a special law, applied to the vice-chancellor, and continued its operations by virtue of his order to that effect. But the proof that the banks did not want the Act is found in the fact that the Manhattan Company, which did not comply with any of its provisions, continued its operations and passed through the ordeal with the same facility as the other banks.

reality made no alteration in the existing law, it had the appearance and was generally considered as sanctioning the suspension; and the Act was quoted in other States and used as a pretence for passing suspension laws of a very different character.

As soon, however, as the first shock was over, the banks of the city of New York adopted a course of action preparatory to an early resumption; and in the month of August they addressed a circular letter to the principal banks of the other States, requesting their co-operation, and proposing a convention of delegates from the banks of the several States, for the purpose of agreeing on a uniform course of measures and on the time when the resumption should take place. The South-Western States were not ready for any immediate action. Encouraging answers were received from the other Western and from the Southern banks, as well as from some other quarters. The Boston banks would not commit themselves, but at the last moment appointed delegates. The banks of Philadelphia adopted a resolution that it was inexpedient at that time to appoint delegates, and the banks of Baltimore followed the same example.

The principal reason alleged by the Philadelphia banks for their refusal was ominous. They declared their belief that the general resumption of specie payments depended mainly, if not exclusively, on the action of Congress, without whose co-operation all attempts at a general system of payments in coin throughout this extensive country must be partial and temporary.

What was the action and co-operation of Congress which was then alluded to? The only subject of complaint at that time against Congress, in reference to the currency, was its refusal to renew the charter of the Bank of the United States. No other action on its part had been asked than a renewal of that charter or the creation of a new bank. The employment of the old bank under its new charter, as the fiscal agent of government, was perhaps contemplated. Whatever the object might be, any attempt or appearance of an attempt to coerce Congress by a wilful continuance of the suspension was highly improper. The banks of New York insisted that, whatever might be the action of Congress on the currency, the duty of

resuming remained the same, and must be performed by the banks. The Philadelphia banks ultimately appointed delegates to the convention, which met at New York on the 27th November, 1837.

At that meeting, though allusion was still made to some expected action of Congress, it was principally urged, not that the banks were unprepared for resuming, but that the state of the country generally rendered a resumption inexpedient for the present, that the time had not yet come when a day for that purpose could be designated, and that the continuance of a hasty resumption would be precarious.

The banks of New York insisted that it was monstrous to suppose that, if the banks were able to resume and to sustain specie payments, they should have any discretionary right to discuss the question whether a more or less protracted suspension was consistent with their views of the condition and circumstances of the country. Numerous facts were adduced to prove the ability of the banks to resume, that the British debt was settled or postponed, that the danger of an extraordinary exportation of specie was now out of question, and that no other known causes existed which could prevent a general, though not universal, resumption of specie payments within a very short period.

In allusion to the action of Congress, and in reply to the complaint that the banks of New York had improperly persisted in calling the convention contrary to the opinion of those of Philadelphia, it was answered with frankness that the objections of the Philadelphia banks, or, to speak more correctly, of the United States Bank of Pennsylvania, were viewed as nothing more nor less than as an intended protracted suspension for an indefinite period of time. In corroboration, the extraordinary conduct of that bank was alleged in having put in circulation, since the suspension, a large amount of the notes of the late Bank of the United States, thus substituting the paper currency of a dead and irresponsible body for its own.

Although the convention was nearly divided, nothing more could be obtained than general professions and a resolution to meet again in April for the purpose of considering and, if prac-

ticable, determining on the day when specie payments might be resumed.

The conflict was clearly between the United States Bank of Pennsylvania and those of New York. The other banks of Philadelphia, though divided in opinion and sound, had yielded, and Baltimore had thought proper to follow the same course. On the other hand, the disposition of the North-Western and Southern States was generally favorable to an early resumption, though they seem to have apprehended that they might not be able to sustain specie payments if Philadelphia and Baltimore persisted in suspending. No such apprehension was felt in the Eastern States. Yet the banks of Boston, though earnestly desirous that the resumption might be effected without delay, and ready to co-operate, did, in the two conventions, and to the last moment, sustain by their votes and influence the views of the United States Bank. Such were the baneful effects of party applied to the fiscal concerns of the nation, and such the consequence of that institution having become, or been generally viewed as, the great antagonist of the Administration and the rallying-point of its opponents.

The banks of New York, determined in their course, had persevered in measures which would have enabled them to resume nearly two months earlier than they did. The exchanges had become decidedly favorable, and the agreement with the comptroller for a loan of the residue of the State stocks, which was renewed and concluded in November, 1837, enabled them, according to the express terms of the contract, to replenish without difficulty their vaults with specie. Aware, however, of the importance of a co-operation on the part of the other banks, they had, in the first convention, in vain asked that an earlier day should be appointed for the adjourned meeting, and then waited for its result. It was soon ascertained, when that assembly met, that a simultaneous resumption could not be obtained, and it was then only requested that the convention should recommend an early day for that purpose. Fair as was the prospect at first, the vote to recommend so late a day as the 1st of January, 1839, was carried, and the banks of New York were left to resume alone and without any assurance of an earlier co-operation.

But the circumstances of the times were eminently propitious. Not only had the foreign debt been settled or postponed, and all the exchanges, whether domestic or foreign, become decidedly favorable, but one million sterling in specie had been imported, under the auspices of the Bank of England, through the agency of a commercial house. The city banks resumed with more than seven millions of dollars in specie, their gross circulation reduced to three millions, and their other liabilities payable on demand considerably diminished. The public deposits of the United States, which on the 1st of January, 1837, exceeded ten millions of dollars, had all been paid. Their loans and discounts, amounting on the 1st of January, 1837, to forty-six millions, had been reduced to thirty-two. They had been admirably seconded by the country banks of the State, whose specie and city funds had been increased and the circulation and discounts reduced in the same proportion. Much credit is due to the bank commissioners for their efforts in promoting that result.

Above all, the sound and most powerful portion of the commerce of New York had now taken an active part in promoting an immediate resumption. The debtor-interest, which, combined with that of the United States Bank of Pennsylvania, and with the mistaken views of some and the unfounded apprehensions of others, had constantly attempted to impede the course pursued by the banks, was silenced. They resumed, sustained by that general support of the commercial community and by that general confidence which are indispensable for the maintenance of specie payments. They resumed in good faith and in full, redeeming the country paper which, during the suspension, had become the general currency of the city, freely substituting their own circulation, and paying without distinction, when required, all their liabilities. The resumption was effected without the slightest difficulty; and it is but just to add that no attempt was made to impede it, either by the United States Bank of Pennsylvania or from any other quarter.

The banks of Boston, and generally of New England, were the first to adopt the same course. Public opinion, operating first on the Governor of Pennsylvania, compelled the United States Bank to resume in the month of July, and the example

was soon followed South and West throughout almost all the States. That happy state of things was of short duration. In October, 1839, the United States Bank again suspended its payments; and again the South and the West adopted, or were obliged to pursue, the same course. After a short and vain attempt on the part of that institution to resume in January last, we are again reduced to the same situation. Boston and the Eastern States, New York and the adjacent part of New Jersey, and of late Charleston, sustain specie payments. Everywhere else, with perhaps some insulated exceptions, there is no other currency but irredeemable paper, more or less depreciated; and the suspension is almost everywhere sanctioned by the State legislation.

The facility with which specie payments had been resumed had produced in some quarters the erroneous belief that the country had entirely recovered from the injuries inflicted by years of overtrading and inflated prices. Commercial business was revived too early, and bank facilities were too easily granted. The foreign importations of the year 1839 again amounted to one hundred and sixty-two millions, the exports to one hundred and twenty-one, and the excess to forty millions. But the suspension of October, 1839, and its consequences to this day, must be ascribed almost exclusively to the United States Bank.

It has already been seen that before the 1st of January, 1837, and within the first ten months of its new position as a State bank, its legitimate means of discounting, other than its capital, that is to say, its circulation and deposits, had been reduced from twenty-nine to fourteen millions. Deducting the necessary amount of specie, its available means applicable to discounts or other investments did not, including its capital, exceed forty-seven millions. Indeed, the onerous conditions imposed by the State charter, and the purchase, at an advance of fifteen per cent., of the seven millions held by the United States in the stock of the old bank, made the truly available means considerably less. In that situation, its loans and profits, under a wise and cautious administration, should have been reduced to the amount corresponding with the actual means.

Instead of pursuing that course, a bold attempt was made, as

soon as the suspension of May, 1837, had taken place, to take advantage of that state of things for commencing a system of operation foreign to the ordinary and legitimate transactions of any bank, and which might eventually, according to the sanguine expectations of the projectors, control the whole commerce of the country, reinstate the circulation of the bank, and restore its pristine preponderance. It is obvious that this could not be carried into effect, even if the result had been as propitious as it has proved to be fatal, without prolonging the general suspension of specie payments. It became the interest of the bank that this should be the case; and here may probably be found the principal cause, not at the time suspected, of the course pursued in that respect by that institution.

As early as the month of June, 1837, a considerable portion of the available funds of the bank was diverted from their legitimate object, and, instead of being applied to the gradual reduction of its liabilities, was loaned to the president and other officers or directors of the bank in order to be employed in advances on cotton shipped to Europe. A special agency, in reference to that object, was established in London in the ensuing month of November. The advances were greatly increased, and continued during a period of near two years. Although no loss may have been incurred by the bank, the gross impropriety of loans to such an amount to officers of the bank is not the less evident. The sequel is well known. Other improvident loans were made. The bank overloaded itself, by purchase or otherwise, with stocks of every possible description. It has been alleged that it was not the fault of the administrators of the bank if those stocks subsequently fell in value. The fault consisted in having converted the bank into a stock-jobbing association. In the mean while, as other means were wanted, an enormous debt was contracted abroad.

On the 1st of April, 1839, the foreign debt of the bank amounted to twelve millions eight hundred thousand dollars, and the various stocks owned by it to near twenty-three millions.[1]

[1] $6,300,000 of which, consisting principally of Mississippi and Michigan stocks, and previously contracted for, were not yet entered on the ledger.

Its credit had indeed been artificially sustained, and its stock was selling at a considerable advance. It was nevertheless on the verge of destruction. In August of the same year it was compelled to issue post-notes, which soon fell to a discount of more than one per cent. a month. In September the bank drew largely on Europe without funds, and partly without advice. In order, if possible, to provide funds for that object, and also, as has been acknowledged, for the purpose of breaking the banks of New York, payment of the bills thus sold in that city was suddenly required in specie, and the amount shipped to Europe. The attempt was a failure in both respects; the banks stood, and the bills were dishonored. On the 9th of October the United States Bank suspended its payments; and it is not improper to observe that, a fortnight later, another attempt was made under its auspices by the debtor interest of New York to compel the banks to expand their discounts, and thus prepare the way for another general suspension. The banks, as might well be expected, unanimously refused to yield.

From that time the fate of that institution was considered as sealed by every impartial observer. Nevertheless, the other banks of Philadelphia still persevered in sustaining it, and suffered it to become largely indebted to them. The State protracted its existence, and, as an equivalent, exacted new loans from it. In the mean while it could no otherwise meet its liabilities abroad than by new loans obtained on onerous conditions, and in order to sustain its expiring credit a resumption was at last deemed absolutely necessary.

For that purpose the other banks of Philadelphia agreed to return five millions of its circulation held by them, and to take in lieu thereof post-notes, payable in about twelve months after date. They thought that a loan of two millions and a half would be sufficient to enable them to grant that accommodation, and that with such aid they would be able to resume and maintain specie payments. The loan was obtained principally in Boston, partly in New York. As it was principally paid in checks upon Philadelphia and in Baltimore funds, it added but little to the available resources.

Besides this postponement of five millions of its debt, the

United States Bank was rather unexpectedly assisted by a further loan obtained abroad, which added more than three millions of dollars to its immediately available resources. The attempt to resume nevertheless failed; and it was impossible that it should not have failed. The element indispensable for sustaining any bank, *confidence*, was utterly lost. It seems incredible that it should not have been foreseen that, as soon as the United States Bank paid in specie, every person who held its notes would instantaneously seize the opportunity of converting them into cash.[1]

The principal liabilities of the United States Bank, payable on demand, consisted of more than thirteen millions and a half of bank-notes and post-notes, which, by the arrangement with the other Philadelphia banks, were

Reduced to about	$7,650,000
Due to banks of the several States	3,250,000
Due to individual depositors	2,970,000
Guarantee of bonds of Planters' Bank, &c.	240,000
	$14,110,000

During the three weeks that the bank paid in specie, its payments amounted to about five millions six hundred and thirty thousand dollars, viz.:

Bonds of Planters' Bank	240,000
To individual depositors, only	176,000
To State banks	1,044,000
And redemption of bank-notes	4,170,000

Of this last item, one million and a half were for notes in the hands of the other banks of Philadelphia beyond the five

[1] The opinion of the writer of this essay was asked at the time when application was made in behalf of the Philadelphia banks for the loan mentioned in the text. It was decidedly against a compliance with the request; and the reason assigned was the total impossibility on the part of the United States Bank of sustaining specie payments now that confidence was entirely lost. The writer added that if the other Philadelphia banks would discard that of the United States and resume alone, not one, but three millions ought to be advanced for that purpose by the banks of the city of New York.

millions included in the agreement; five hundred thousand for post-notes overdue, and eleven hundred thousand for accumulated notes which had been protested and sued for. The drain, instead of being extraordinary and such as could not have been anticipated, was in reality less than, under all the circumstances of the case, might have been expected.

In the preceding sketch the acts of the bank have been considered only in reference to their effect on the currency of the country. It may be affirmed that in this respect that bank, subsequent to the first general suspension of May, 1837, has been the principal, if not the sole, cause of the delay in resuming and of the subsequent suspensions. In every respect it has been a public nuisance. The original error consisted in the ambitious attempt to control and direct the commerce of the country; in the arrogant assumption of a pretended right to decide on the expediency of performing that which was an absolute duty; and in a manifest and deliberate deviation from the acknowledged principles of sound and legitimate banking.

It is not intended here to investigate the facts of a more culpable nature which are laid to the charge of the administrators of the bank. The application of nine hundred thousand dollars secret service money should be made public. The mismanagement and gross neglect, which could in a few years devour two-thirds of a capital of thirty-five millions, are incomprehensible, and have no parallel in the history of banks. The catastrophe has had an injurious effect abroad on the securities of the several States, impaired commercial credit, and shaken confidence between man and man. It is natural that the shareholders, so deeply injured, should cling to the hope of preserving the institution, and of thus partly repairing their losses. Every facility consistent with the public good should be granted, every forbearance practised, every delay allowed, which may enable them to save the remnants of the wreck. But it is due to the moral feeling of the country, not less than to the security of its fiscal concerns, that this disgraced and dangerous corporation should not be permitted any longer to exist. How, after so many violations of its charter, its existence has been so long protracted is indeed unintelligible!

REMEDIES.

STATE LEGISLATION.

It can hardly be expected that twenty-six independent States should all adopt such systems of legislation as may secure a sound and uniform currency. But there are some great centres of commerce which necessarily control the banking operations of the greater part of the country. In the present course of trade the great importing seaports are generally creditor places, and the principal centres alluded to will be found to be Boston, New York, Philadelphia and Baltimore, Charleston and New Orleans. Providence, on account of its manufactures, Savannah and Mobile, on the sea-coast, Cincinnati, Louisville, and St. Louis, in the interior, are the next most important points. Some approximation of the relative importance of the great centres may be derived from the aggregate of the foreign imports and of the exports of each of them respectively. Supposing the whole to consist of one hundred parts, Boston has about *twelve*, New York *forty-seven*, Philadelphia and Baltimore *fourteen*, Charleston and Savannah *seven*, New Orleans and Mobile *twenty*. The influence of domestic manufactures, of mines, and of other considerations must, of course, vary the result.

Of those great centres the two first are secure; and Charleston appears to have adopted a correct course. The banking system of New Orleans is founded on principles so different from those of the Atlantic States, particularly in reference to the large amount loaned on real estate security, that it is difficult to form a correct opinion of it. But the elements of wealth are so great and the interest of sustaining a sound currency so obvious, that, notwithstanding the embarrassed situation of the adjacent States, great hopes are entertained of an ultimate favorable result in that quarter. Under all the circumstances of our present situation it seems that, provided a correct course should be adopted by the banks of Philadelphia and by the Legislature of Pennsylvania,

an early and nearly general resumption of specie payments would naturally take place.

The first step that appears absolutely necessary does not apply to Pennsylvania alone. All the States which have incurred debts, and which have not yet adopted efficient measures in that respect, must provide for the punctual payment of the interest and the gradual extinguishment of their debt. This must be done by providing an actual revenue by taxes whenever necessary, and not by any new loans or any other temporary expedient. The States must rely on their own resources, neither on any direct or indirect assumption of State debts by the general government, nor on any assistance to be derived from the banks: neither must the banks depend on the aid of the States for carrying on their operations. The difficulties are greater in some States than in others. A great error has been committed by those which have advanced their credit for the especial purpose of establishing banks in places where a very moderate banking capital was sufficient for all legitimate purposes. Sanguine expectations have induced others to undertake premature and far too extensive internal improvements, which, in their unfinished state, are nearly or altogether unproductive. The honor and interest of every State require, and justice demands, that its credit should be restored. Public and private credit are intimately connected. That of individuals is impaired when public faith is not preserved. A resumption of specie payments on the part of banks and of individuals will at once inspire a greater confidence in the stocks of the States where it may take place. There is none whose resources are not adequate to the object in view.

Philadelphia had a sound capital, greater in proportion to its commerce than that of New York, or of almost any other city in the Union; its banks proper were sound and cautiously administered: not one of them had ever failed. But they have for several years been pressed by two great evils, the United States Bank and the State Legislature. They have at last got rid of the first burden, from which they ought to have detached themselves long ago. Their available means are undoubtedly impaired by the efforts they made to sustain the Great Bank and by the debt due to them on that account. Still, provided they

are sustained by the commercial community and by public opinion, and provided the State Legislature ceases to oppress them under color of granting them relief, there does not seem to be any real obstacle to their soon resuming their former wonted and honorable situation.

The suspension of specie payments of October, 1839, was legalized by the Legislature of Pennsylvania on condition that the banks thus indulged should make certain loans of money to the State and resume their payments in January, 1841. To take from them their most available resources had a direct tendency to put it out of their power to resume their payments within the prescribed time. Those resources, which should have been applied to the reduction of the liabilities of the banks and to the measures necessary for a resumption, were diverted from their legitimate object in order to defray the annual expenditures or to pay the interest on the debt of the State.

The two last General Assemblies of Pennsylvania have, however, adopted efficient measures to arrest the progress of the debt and to provide for the payment of the interest. A new annual revenue, derived from taxation alone, and which is expected, according to the most correct estimates, not to fall short of two millions two hundred thousand dollars, is specifically pledged to the maintenance of the public credit; and the interest on the public debt cannot exceed two millions, and will probably fall short of that sum. The ordinary expenses of government and the repairs of the public works appear to be nearly, if not altogether, provided for by the tolls and other revenues of the State. Thus far, great praise is due to the Legislature for having extricated the State from the difficulties in which it had been involved, and for having fearlessly resorted to those direct means which alone could effect the purpose.

After having accomplished the principal object, nothing else remained than to provide for the payment of arrears and the ordinary annual expenditures of the current year, amounting together to three millions one hundred thousand dollars. It is deeply to be lamented that, instead of also pursuing the simplest and most direct course for this object, the Legislature should have resorted to a novel, complex, and most condemnable plan.

A loan for the sum thus wanted is authorized, for which a five per cent. stock will be issued, to be redeemed at the end of five years, or earlier at the pleasure of the Legislature. To that loan certain banks[1] are alone authorized to subscribe to an amount bearing, according to their respective capitals, a ratio varying from eight to twenty-five per cent. to the capital. And on paying into the State treasury the amount subscribed in their bank-notes of one, two, and five dollars they are credited on the treasury books for an equal amount of the stock.

The notes thus issued are payable only in the same stock, and in the following manner. The holder of the notes to an amount of one hundred dollars on surrendering the same to the issuing bank receives an order on the auditor-general for a certificate of an equal amount of the stock, and the notes surrendered are cancelled. The State, until the notes are thus redeemed, pays to the banks interest at the rate of one per cent. a year on the stock for which they are credited on the treasury books. And after the notes have been thus redeemed and funded, the State pays, through the agency of the banks, the interest of five per cent. to the holders of the stock which has been issued in payment of the notes. That interest is paid out of the proceeds of the tax on bank dividends; and if this should not be sufficient, the deficiency is paid out of the revenue provided by the Act.

All the notes issued under the provisions of the Act are receivable for debts due to the Commonwealth and to the issuing banks respectively, and also on deposit by the said banks respectively, payable in like currency, special contracts for deposits excepted. All the notes may be reissued from the treasury and from the issuing banks respectively; and the banks generally may receive and issue any of the notes created by the Act.

All the banks, except that of the United States, which own any portion of the funded debt of the State may, on transferring the same as security to the auditor-general, issue notes to an equal amount of the same denomination and receivable and redeemable in the same manner as the notes before described.

---

[1] Viz., as appears from the subsequent provisions, those banks which are subject to a tax on their dividends.

But the banks which are exempted from a tax on their dividends shall not issue a greater amount of notes than in the aforesaid ratio to their respective capitals; and the banks subject to that tax shall not, under this section of the Act, issue a greater amount than seven per. cent. of their respective capitals. The interest on the stock thus transferred is suspended during the time the said stock remains in the hands of the auditor-general.[1]

17th Sect. No bank which shall comply with the provisions of this Act shall be subject, by way of penalty or otherwise, to a greater rate of interest than six per cent. per annum. The resolution of April, 1840, which provided for the resumption of specie payments, is repealed. And all the provisions of any act of incorporation or of any law of the State which provided for the forfeiture of any charter by reason of the non-payment of any of the liabilities of the bank, or which prohibited the banks from making loans and discounts, issuing their own notes, or declaring dividends, during the suspension of specie payments, are suspended until further legislative action, *and* until the Legislature shall provide for the repayment of the loan of three millions one hundred thousand dollars authorized by the Act. But the dividends are limited to five per cent. during the suspension.

The banks subject to a tax on their dividends, which shall not take their due proportion of the loan, according to the ratio fixed by law (not including, it seems, the seven per cent. additional, which appears to be optional), and the other banks, which shall not deposit at least five per cent. on their capitals respectively, shall remain subject to the provisions of the laws now in force, and be excepted from the benefit of the provisions of the 17th section of the Act. Nor shall the United States Bank be entitled to the said benefits unless the stockholders consent to be subject to any general laws to be *hereafter* passed

[1] It appears, therefore, that all the banks, whether subject to or exempt from a tax on their dividends, are authorized to issue notes in the ratio to their capitals fixed by the law, and that, in addition thereto, the banks subject to that tax may issue notes to an amount not exceeding seven per cent. of their capital.

for the regulation of the banks of the Commonwealth. There are other provisions authorizing and facilitating the dissolution and liquidation of that bank, with the consent of the stockholders.

The residue of the Act provides for raising an additional revenue, and for appropriating the proceeds of the loan of three millions one hundred thousand dollars, viz., about two millions two hundred thousand for repairs and arrears on account of the internal improvements, and about eight hundred thousand for schools and the other ordinary annual expenses of government. Those objects were evidently blended in the same law with the provisions respecting the banks in order to insure the adoption of these provisions.

Viewed simply as a fiscal operation, it makes the banks only the agents of the State. They sign the notes *pro forma*, and redeem them in its behalf. The State puts the notes in circulation, uses them for its own benefit, redeems them with its own stock, pays the interest, and is bound at the end of five years to pay the principal in specie with its own funds. The banks, for their agency, receive the compensation of one per cent. a year on the notes so long as they remain in circulation. The notes are substantially an emission of bills of credit by the State and for the use of the State. How far this operation may in itself be proper or consistent with the Constitution of the United States are questions which do not come within the scope of this essay. The measure, considered only in reference to its effect on the currency and on the resumption of specie payments, hardly requires to be discussed. It is almost sufficient to have stated the provisions of the law.

The banks of Philadelphia, notwithstanding the difficulties which they had to encounter, had succeeded in keeping their currency, their deposits, their liabilities payable on demand, all which is generally called "Philadelphia funds," at a discount, compared with specie, of less than five per cent. An emission of a new species of currency is now authorized, which, being only a promise to issue a State stock to the same amount, is, on the day when it is issued, worth intrinsically no more than that stock, or less than eighty per cent. of its nominal value. It

may be that the demand created by having made that currency receivable in payment of debts to the Commonwealth and to the bank may enhance that value. This is altogether conjectural, and it cannot certainly be expected that it will become equal to that of the actual currency at this moment of the Philadelphia banks. Under the most favorable aspect it is still a legalized emission of a depreciated, fluctuating, and irredeemable paper, analogous to a falsification of the legal coin of the country. And in order to carry this plan into effect it has been deemed necessary to compel the banks to receive that paper in payment of the debts due to them, and to give a solemn legislative sanction to a protracted suspension of specie payments; that is to say, to a continued immoral and illegal violation of engagements and contracts for a term which may be not less than five years.

Had there been no other object in view than that of providing for the discharge of the arrears and necessary expenses of the year for which a loan was indispensable, the simple and direct course was to borrow the money on the best terms on which it could be obtained. This is the cheapest and wisest, as it is the most honest, mode. Every other complex and, as it is called, ingenious contrivance is nothing but quackery, if not something worse. There is, indeed, much difficulty, when heavy taxes become necessary, in selecting those which will be most equal and productive, least oppressive and arbitrary. But there is no more mystery in directing in ordinary times the finances of a nation than in arranging the fiscal concerns of a commercial house. In both cases, if it becomes necessary to borrow, you must pay for the money according to its market-price and to the credit of the borrower. Indeed, in that respect the State has the advantage of not being trammelled by its own absurd usury laws, which may compel the individual to pay a dearer price for the loan than he otherwise would.

In the year 1798 the United States borrowed five millions at eight per cent. per annum. During the last war they gave their six per cent. stock for money at the rate of eighty per cent. of its nominal value. Which was the most eligible mode is a debatable question. But on both occasions they were

obliged to give, and gave without hesitation, their stock for the highest price it could command. It is what every government which has any regard for its credit always does. The State of New York wanted also three millions of dollars for the service of this year. The market-price of her stocks is higher than that of those of Pennsylvania. Yet she did not attempt to borrow at five per cent., but has authorized a *voluntary* loan at the rate of six per cent. It is probable that a similar stock issued by Pennsylvania could not at this moment have been negotiated at par. But with the knowledge that efficient provision had been made for the payment of the interest of the public debt, and that a course of measures had been adopted which would prevent its increase, had the Legislature only taken measures for hastening, instead of protracting, the resumption of specie payments, the effect on the public credit of the State would have been immediate, and a direct loan at six per cent. might have been negotiated on favorable terms.

There is, indeed, no other remedy, so far as it depends on the State, for the evils inflicted by the Act of the late General Assembly. For if the banks accept the proposal, they may claim, as a condition of the contract, that all the suspending clauses of the Act shall continue in force until provision shall have been made for the repayment of the loan. This cannot be done otherwise than by negotiating a money loan in the ordinary way. Whether this shall be done by the next Legislature depends on the will of the people. At this time, and had it not been for that most unfortunate impediment, there would have been no more difficulty in resuming specie payments in Philadelphia within sixty days, provided the commercial community of that city required it, than there is now in sustaining those payments in New York. New England and New York should at all times give every possible aid in promoting that object. It is a national concern, on account both of the importance of that city and of its great influence over the commercial transactions and currency of the West and of the South.

The dangers of a paper currency are such that it becomes necessary to inquire whether the banking system adopted in those States where the result has been most favorable may not be susceptible of improvement. For that purpose the laws which govern the banks of New York will now be examined. They are better known to the writer than those of any other State; the system has been at least as successful here as in any other part of the Union, and it now embraces both restricted chartered banks and free banking associations established under a general law.

The various legal provisions by which the banks of the State of New York are governed consist principally of general laws respecting moneyed corporations, partly of clauses inserted in the several charters, and nearly the same in all, but which it would have been better to have included amongst the general laws.

The privileges granted by the charters are, 1st, the Act of Incorporation itself, which enables the bank to contract, to sue and be sued, and generally to act, in reference to the object for which it is incorporated, in the same manner as might be done by a natural person; 2dly, the limitation of responsibility to the capital of the bank, thus rendering the shareholders irresponsible in their personal capacity; 3dly, the monopoly, till lately, of carrying on banking operations.

Those operations are not expressly defined by the general laws of the land, but by the charters themselves, and substantially as follows, viz., that the bank shall have power to carry on the business of banking by discounting bills, notes, and other evidences of debt, by receiving deposits, by buying and selling gold and silver bullion, foreign coins, and bills of exchange, by issuing bills, notes, and other evidences of debt, and by exercising such other incidental powers as shall be necessary to carry on such business.

It might be inferred by implication that the banks could not legally carry on any other species of business. For greater security it is further expressly provided in all the charters, 1st, that no bank shall hold any real estate but such as is requisite for its immediate accommodation, or such as may be mortgaged,

conveyed, or purchased in satisfaction of debts or for the purpose of securing debts; 2dly, that it shall not, directly or indirectly, deal or trade in buying or selling any goods, wares, merchandises, or commodities whatsoever, or in buying or selling any stock created under any Act of the United States, or of any particular State, unless in selling the same when truly pledged, by way of security, for debts due to the said corporation.

The location, duration, and capital of each bank respectively are also determined by its charter. The other provisions refer to the following objects, viz.:

1. *Capital.*—No bank can commence its operations until the whole of its capital has been paid in specie or current bank bills; nor until an affidavit to that effect, and stating that no stockholder has paid any part of his shares by a discounted note, or directly or indirectly with any loan from the bank, has been made by the president and cashier of the bank and filed with the comptroller. False swearing in that respect is deemed perjury, and punished as such.

For the purpose of preserving the capital, the banks are forbidden, besides other provisions, to make any dividend except from their surplus profits. In calculating the profits, all the expenses, the interest due on debts contracted by the bank, and all the losses, including therein all the debts due to the bank on which no interest has been paid for one year, must be deducted; and if the amount of losses should exceed that of the profits then possessed, the deficiency must be charged as a reduction of the capital; and no dividends can be paid until the deficit of the original capital shall be made good. That capital cannot be reduced without leave of the Legislature.

2. *Restrictions on Banking Operations.*—The banks are forbidden to have an amount of bank-notes in circulation exceeding a rate which varies according to their respective capitals, so as not to exceed once and a half its amount when that capital is not more than one hundred thousand dollars, nor sixty per cent. of that amount when the capital is or exceeds two millions; to extend their loans and discounts beyond twice and a half the amount of their respective capital; to issue notes not payable on demand or bearing interest (post-notes); to issue notes of a less

denomination than one dollar; to purchase their notes for less than their nominal value; to lend or discount on the security of their own stock; to charge more than six per cent. interest on discounted notes payable within sixty-three days; to make, directly or indirectly, any loans or discounts to their directors respectively, to an amount exceeding in the aggregate one-third of their capital.

3. *Directors.*—Besides the limitation on their own discounts, they are made personally liable, if consenting to any act in violation of the laws respecting moneyed corporations. Every director must have a number of shares determined by the charter. No director or officer of the bank is permitted to purchase, discount, or loan money on a note which has been rejected by the bank.

4. *Inspection and Publicity.*—It is the duty of three bank commissioners, appointed by the governor and Senate, to inspect, once at least in every four months, the affairs of every bank; to examine all their books, papers, notes, bonds, and other evidences of debt; to ascertain the quantity of specie on hand, and generally the actual condition of the banks and their ability to fulfil their engagements. The commissioners are authorized to examine upon oath all the officers of the banks, or any other person, in relation to their affairs and condition; and they must report annually to the Legislature abstracts from the report made to them, and such other statements as they may deem useful.

5. *Suspension and Dissolution.*—All the banks created subsequent to the year 1828 are, by provisions inserted in their charters, directed, as has already been stated, to discontinue their operations, unless permitted by the chancellor, if they shall neglect or refuse for ten days to redeem in specie any evidence of debt issued by them. This special provision has not been inserted in the charters of the old banks which have been renewed since that time. During a suspension of specie payments the suspending banks are obliged to pay damages at the rate of ten per cent. a year on every evidence of debt the payment of which has been demanded and refused.

It is provided by the general laws that, if any bank shall have lost one-half of its capital stock, or shall have suspended the payment of its bills in specie for ninety days, or shall refuse

to allow its officers to be examined upon oath by the commissioners, the said commissioners may, and if they ascertain that the bank is insolvent or has violated any of the provisions binding on such bank they shall, apply to the Court of Chancery for an injunction against such bank and its officers. The attorney-general, and every creditor, director, and, in some cases, stockholder of the bank may also apply for an injunction.

The chancellor upon any such application may, according to circumstances, suspend or dismiss any of the officers of the bank, restrain it from exercising its corporate powers, sequestrate its property, dissolve it as an insolvent corporation, and appoint a receiver for the liquidation of its affairs.

It is further provided by the Act of 3d December, 1827, which sanctioned the first part of the Revised Statutes, that "the charter of every corporation that shall thereafter be granted by the Legislature shall be subject to alteration, suspension, and repeal, in the discretion of the Legislature.[1]

Finally, it is enacted by the third part of the Revised Statutes, passed as one Act on the 10th December, 1828, that "whenever any incorporated company shall have remained insolvent for one whole year; or for one year shall have neglected or refused to pay and discharge its notes or other evidences of debt; or for one year shall have suspended the ordinary and lawful business of such corporation, it shall be deemed to have surrendered the rights, privileges, and franchises granted by any Act of incorporation or acquired under the laws of this State, and shall be adjudged to be dissolved."[2]

6. *Safety Fund.*—Every bank chartered, or the charter of which has been renewed, subsequent to the Act of April 2d, 1829, pays annually, during six years, to the treasurer of the State a sum equal to one-half of one per cent. on its capital. These payments, called the "bank fund," are appropriated to the payment of such of the debts of any of the said banks which shall become insolvent as shall remain unpaid after applying the property and effects of such insolvent bank. And

---

[1] Revised Statutes, Part I., Chap. xviii., Title 3d, Section 8.

[2] Revised Statutes, Part III., Chap. viii., Title 4th, Art 2d, Section 38.

whenever the fund shall be reduced by the payment of such debts to less than three per cent. upon the aggregate capital of the banks, every bank shall again renew its annual payments of one-half of one per cent. on its capital, until the fund shall again amount to three per cent. on the aggregate capital.

It cannot be denied that the banking system of the State of New York, since it has been subject to these regulations, has proved superior to most and inferior to none of the plans adopted in other States. The banks, though they did suspend, were the first to resume, and have ever since maintained specie payments. Since the year 1830 only two banks subject to the regulations have been dissolved. One of these, having a capital of one hundred thousand dollars, was for some irregularity dissolved by Act of the Legislature. It paid all its debts, and the whole of its capital to the stockholders. The other (the City Bank of Buffalo) was dissolved by process of law, and its entire capital of four hundred thousand dollars is sunk. During the same period of ten years, and under a regimen till lately much less severe, not less than nine banks in Boston, with a capital of three millions six hundred thousand dollars, have failed or been dissolved; but in five of those cases the creditors suffered no ultimate loss.

The provisions which define and limit the legitimate operations of the banks, as well as those which insure the actual payment of the capital, or are intended to preserve it entire, have proved efficient and do not seem to require any alteration. It has been often suggested, and instances have been adduced to prove, that provisions for insuring the actual payment of capital might be evaded. The instances adduced have occurred when the provisions were inadequate. None has taken place amongst the New York banks subject to the present system. It will not be asserted that such instances may not occur; but when they are so extremely rare, to argue thence that the provisions are unnecessary or inefficient, is as illogical as an attempt to prove that because some criminals escape, laws for the punishment of crimes are unnecessary and inefficient.

For the enforcement of those provisions and of the other restrictions on banking operations, an inspection and thorough investigation of the affairs of the banks by officers unconnected

with those institutions were necessary; and those investigations by the bank commissioners, as well as the publicity given to their statements, have proved eminently useful. No further provision in this respect seems necessary.

Two additional regulations only, of primary importance, will be suggested. The first relates to the restrictions on the amount of loans and discounts; the other to the provisions in case of suspension of specie payments.

The restriction on the amount of issues was originally almost nominal, inasmuch as it far exceeded the amount which any bank might or did issue. The amount now permitted is still too great, at least for banks which have but a small capital. This condition may still be retained; but it will lose much of its importance, provided the restriction upon the loans and discounts shall be modified.

All the debits and credits of a bank may, for the sake of perspicuity, be reduced, on the one side, to the capital, circulation, and deposits; on the other, to the real estate, the amount of loans, discounts, and other investments bearing interest, and the specie. For all the other items, of which the principal are the notes of other banks on hand and the balances due to and from other banks, may be included under some of the general heads above mentioned. Thus, for instance, all the balances due to other banks are deposits; and all the notes of other banks, or balances due by them, should, if the bank has been properly administered, be available resources, tantamount to specie. It is obvious that the maximum of the investments bearing interest will regulate all the other varying items.

Supposing, for instance, that the maximum of discounts, loans, and other investments bearing interest should never exceed once and three-fifths of the capital of the bank, and that the statement of a bank, having a capital of one million, should on any given day be as follows, viz.:

Capital	$1,000,000	Real estate	$100,000
Circulation and deposits	1,000,000	Loans, discounts, stocks, &c.	1,600,000
		Specie	300,000
	2,000,000		2,000,000

it is evident that, since the capital and real estate are constant quantities, and the amount of loans, &c., is at its maximum, any increase in the circulation and deposits, or any other liabilities of the bank, must necessarily produce a corresponding increase of specie or available resources of the bank. And the effect of this would be to strengthen instead of weakening the bank; since the ratio of available resources to liabilities payable on demand would thereby be increased. The efficiency of the provision depends entirely on the reduction of the maximum of loans and discounts so that they shall not exceed the amount necessary to insure a sufficient dividend.

That maximum is now fixed at twice and a half the amount of the capital, which would yield a gross profit of at least fifteen per cent.; and, after deducting three per cent. for expenses, tax, and contingencies, leave a dividend of twelve per cent. on the capital; and a dividend of even fifteen per cent. has accordingly been sometimes realized by country banks with a small capital. Considered as a whole, the excessive and fatal expansions of the years 1836–1837 could not have taken place had the maximum been properly regulated. On the 1st of January, 1837, the loans, discounts, and stocks of the ninety banks subject to the bank fund law, and having a capital of thirty-two millions five hundred thousand dollars, amounted to sixty-nine millions, that is to say, to twice and one-eighth of their capital. The consequence was an amount of circulation and deposits of forty-five millions, with less than six millions in specie.[1]

As the legal interest of New York is seven per cent., the average interest on discounts may, independent of occasional profits on exchange, be estimated at six and a half per cent. If, therefore, the maximum of loans, discounts, and all other investments bearing interest was reduced to once and a half the amount of the capital, the gross profits would amount to nine and three quarters per cent., and, after deducting three per cent. for expenses, &c., leave a dividend of six and three-quarters per cent.

---

[1] The Manhattan Company, which was not subject to the law, with a capital of $2,050,000, had extended its loans and discounts to $5,450,000, and its circulation and deposits amounted to $4,920,000.

on the capital. In point of fact, a reference to the numerous bank statements of different States, which have been lately published, will show that the average amount of the loans, discounts, &c., of well-administered banks is nearly in that ratio.

On the 1st January, 1840, the loans, discounts, and stocks of the ninety banks of the State of New York subject to the bank fund law, and having a capital of thirty-two millions five hundred and fifty thousand dollars, amounted to fifty-three millions four hundred and twenty thousand dollars, that is to say, in the ratio of *one hundred and sixty-four* to *one hundred* of their capital. The capital of the eighteen city banks of the same description amounted to sixteen millions six hundred thousand dollars, and their loans, discounts, and stocks to twenty-five millions and forty thousand dollars, that is to say, in the ratio of *one hundred and fifty-one* to *one hundred* of their capital. The aggregate dividend of the eighteen city banks was 6.87 per cent. and that of the seventy-two country banks 8.82 per cent. on their capital. The great importance and practicability of a provision fixing that maximum are obvious. The ratio, at most, of *one hundred and sixty* to *one hundred* of the capital may be proper, as, under that, banks will hardly ever exceed *one hundred and fifty* to *one hundred.*

With respect to suspensions, the provision which compels all the new banks to discontinue their operations, except the securing and collecting of debts, whenever they shall decline for ten days to redeem in specie any evidence of debt issued by such banks respectively, should, in the first place, be expressly extended to all their liabilities payable on demand, and be made applicable to all the banks without exception.

This being done, and in case the chancellor should permit any bank thus suspended to proceed in its business, the alteration proposed is that, notwithstanding the leave thus given, the bank should, until it had resumed payments in specie, be prohibited to issue any of its notes, to increase the aggregate of its loans and discounts, or to increase the amount of loans previously obtained by any of its officers or directors. For the purpose of rendering the first of these provisions efficient, it would be further necessary to prohibit any bank whatever to issue the

notes of any bank which had suspended specie payments. The following advantages would ensue:

In the first place, it is a natural remedy. Since the banks have been permitted to issue a paper currency on the express condition of its being at all times redeemable in specie, the permission should cease whenever the condition is not performed. The prohibition would also have a direct tendency to enable the solvent banks to resume within a short time. And, finally, it would make it the interest of all the parties immediately concerned, and of the whole community, to prevent a suspension, or to make it of the shortest possible duration.

Experience has shown that persons laboring under embarrassments, or from some temporary, selfish, or erroneous motives, may promote or protract a general suspension. If they are made certain that such a measure will make money more scarce, as it is called, instead of more abundant, and that their situation will be worse instead of being improved, one of the causes which most seriously endangers the banking system will be removed.

Other improvements of less importance might be suggested.

The amount discounted for any one director might be limited; the banks might be prohibited from making any loans to the president or cashier, and these two officers should not be permitted to deal in stocks.

The annual tax of one-half per cent., imposed under the name of "safety fund," is unjust towards the banks which are well administered, and injurious to the community at large. To make a bank responsible for the misconduct of another, sometimes very distant, and over which it has no control, is a premium given to neglect of duty and to mismanagement, at the expense of the banks which have performed their duty and been cautiously administered. That provision gives a false credit to some institutions, which, not enjoying perfect confidence, would not otherwise be enabled to keep in circulation the same amount of notes; and it therefore has a tendency unnecessarily to increase the amount of paper money. The fund would be inadequate in case of any great failure; and it provides at best only against ultimate loss, and not at all against the danger of a general suspension.

It has been suggested that, although every legislative attempt

to make a paper currency payable at different places, a general and uniform currency for an extensive country, is improper and must fail,[1] yet the safety fund tax might be rendered less improper by applying it to each county, or other district of country prescribed by law, respectively. Thus the banks would each be made responsible to the extent of the tax for the banks only within the same county or district. They would all thereby be induced to watch and regulate those in their own vicinity.

In connection with this branch of the subject there is a measure which, though belonging to the administration of banks rather than to legal enactments, is suggested on account of its great importance. Few regulations would be more useful in preventing dangerous expansions of discounts and issues on the part of the city banks than a regular exchange of notes and checks, and an actual daily or semi-weekly payment of the balances. It must be recollected that it is by this process alone that a bank of the United States has ever acted or been supposed to act as a regulator of the currency. Its action would not, in that respect, be wanted in any city the banks of which would, by adopting the process, regulate themselves. It is one of the principal ingredients of the system of the banks of Scotland. The bankers of London, by the daily exchange of drafts at the clearing-house, reduce the ultimate balance to a very small sum, and that balance is immediately paid in notes of the Bank of England. The want of a similar arrangement amongst the banks of this city produces relaxation, favors improper expansions, and is attended with serious inconveniences. The principal difficulty in the way of an arrangement for that purpose is the want of a common medium other than specie for effecting the payment of balances. These are daily fluctuating; and a perpetual drawing and redrawing of specie from and into the banks is unpopular and inconvenient.

In order to remedy this it has been suggested that a general *cash office* might be established, in which each bank should place a sum in specie proportionate to its capital, which would be

---

[1] This subject will again be adverted to in reference to a bank of the United States.

carried to its credit in the books of the office. Each bank would be daily debited or credited in those books for the balance of its account with all the other banks. Each bank might at any time draw for specie on the office for the excess of its credit beyond its quota, and each bank should be obliged to replenish its quota whenever it was diminished one-half, or in any other proportion agreed on.

It may be that some similar arrangement might be made in every other county or larger convenient district of the State. It would not be necessary to establish there a general cash office. Each of the banks of Scotland has an agent at Edinburgh, and the balances are there settled twice a week, and paid generally by drafts on London. In the same manner the balances due by the banks in each district might be paid by drafts on New York, or any other place agreed on; and the notes of the several banks in the same district would be received by all, and be a common and uniform currency for the whole district. But the process which is practicable for a country of no greater extent than that portion of Scotland where banks are established cannot be extended beyond certain limits. It cannot certainly be applied to the whole of the United States, nor, it is believed, to the whole State of New York, so as to make the notes issued by all the banks a uniform currency for the whole.

Paper money is from its nature a local currency, confined to the place where it is made payable and to its vicinity. The selection of the place or places where it is made payable may be left to each bank respectively; but they should not be compelled by law to make it payable or redeemable at more than one place. In order to obviate this difficulty the country banks of the State of New York have been enjoined, by a late law, to redeem their notes at New York or Albany at a certain fixed discount. This is, in fact, an attempt to regulate the rate of exchange; which is not a proper object for legislation, and should be left to be regulated by the course of trade.

Although the former general laws prohibited only notes under one dollar, a subsequent Act did, for a short time, extend the prohibition to all notes under five dollars. This is in itself a proper measure; inasmuch as it lessens the gross amount of

issues, contributes, as far as it goes, in making the wages of labor and the articles of consumption which are daily retailed payable only in specie, and protects the poor classes of the community against the contingency of a depreciated currency. The prohibition would be still more useful and efficient if it could be extended to all notes under twenty dollars. But there has been a universal demand for notes under five dollars not only in this but in many other States, and the issue of notes of that description has again been permitted by a law of this State.

It is believed that this demand may be principally ascribed to the Act of Congress which has rated silver under its true value as compared with gold. It seems to be at all times improper to give a legal relative value to the two precious metals different from their respective market-price. This indeed varies according to the variations in the respective demand and supply in different countries. But these variations are small, and an average ratio may be assumed sufficiently correct for all practical purposes during a number of years. If a contrary course be pursued, the precious metal which is underrated will cease to circulate freely, and will become a merchandise. It may also be observed, as regards the United States, that gold is imported from countries where it is not produced, and can therefore be naturally imported only when exchanges are favorable; whilst silver is imported directly from Mexico and other parts of America, of which it is the natural annual product, and must, as the cotton of the United States, be necessarily exported annually without regard to price or rate of exchange. Before the Act of Congress alluded to, the silver crop of Mexico did naturally flow into the United States; it now seeks the more favorable market of England.

But the immediate effect of that Act on the currency of the country has been to give to the silver necessary for change or small payments a legal nominal value less than its actual worth.[1] It is believed that a similar experiment had never before been attempted in any country. Everywhere else, as well as in America, the silver coins daily wanted for exchange had been

[1] This has been changed.

made either to correspond or to be inferior in value to gold coins or to silver coins of a higher denomination. The necessary result is to drive silver from circulation; and that inconvenience has been in part obviated only by permitting small foreign silver coins, though depreciated from five to ten per cent., to pass at their nominal value. Hence the demand for notes of one and two dollars was so urgent that foreign notes of that denomination became a general circulating medium in open violation of the laws of this State. To permit its banks to issue small notes became in fact a measure necessary in order to protect the community against a worse description of paper.

There seem to be but two remedies for that evil, and they depend on the action of Congress. The first, and it is believed the most proper, would be to alter the ratio of gold to silver according to their true relative value. This would render a new gold coinage necessary, and might cost about three hundred thousand dollars, in order to redeem the existing coinage at its nominal value. The other mode would be to adopt the British plan, and to issue as tokens, not as a legal tender, but as a voluntary currency, a silver coinage depreciated by alloy five to ten per cent. In that case the coinage must, like that of copper coins, be made by government, and not for individuals; and it is necessary, in order to prevent any excess beyond the amount actually requisite for the wants of the community, that the mint should at all times, when required, redeem such coinage at its nominal value.

According to a return made to the State's Senate, the amount of the different denominations of the notes issued by the several banks of this State was, on the 1st of January, 1836, as follows:

Under five dollars	$2,589,714
Of five do.	6,029,933
Of ten and twenty	5,687,004
Of fifty and one hundred	3,131,175
Of above one hundred	3,451,100
	$20,888,926

The country banks had in circulation only twenty-five thousand dollars in notes of a higher denomination than one hundred dollars.

FREE BANKING.

Notwithstanding the comparatively favorable result of the New York restrictive system of chartered banks, it has been strenuously assailed, and the attempt has been made to substitute for it that which has been called *free banking*.

A monopoly, embracing all the ordinary banking operations, had in this State been created in favor of the chartered banks. By an Act passed in 1818 and confirmed, as included in the first part of the Revised Statutes, by the Act of December 3, 1827, it was enacted that "no person, association of persons, or body corporate, except such bodies corporate as are expressly authorized by law (the chartered banks), shall keep any office for the purpose of receiving deposits, or discounting notes or bills, or issuing any evidences of debt to be loaned or put in circulation as money; nor shall they issue any bills or promissory notes or evidences of debt as private bankers for the purpose of loaning them or putting them in circulation as money, unless thereto specially authorized by law."

So much of that law as forbade any person or association of persons to keep offices for the purpose of receiving deposits or discounting notes or bills was repealed by a law passed February 4, 1837.[1] It is not believed that any such prohibition, that of receiving deposits or discounting notes or bills, has ever existed in any of the other States or in any other country. It was denounced by the writer of this essay more than ten years ago. And it must be well understood that in the discussion respecting free banking the only question at issue relates exclusively to the power of substituting bank-notes or paper money for a specie currency. It is now universally agreed that, with that single exception, every other species of banking operations not only must be open to all, but requires no more restrictions than any other species of commerce.

---

[1] But any corporation, created by the laws of any other State or country, is still forbidden to keep any office for the purpose of receiving deposits, discounting notes or bills, or issuing bank-notes.

The term "free banking," or, to speak more correctly, free issuing of paper money, embraces two distinct propositions: first, that all persons, or associations of persons, should be permitted to issue paper money on the same terms; secondly, that paper money may be issued by all persons or associations without any legislative restrictions.

The exclusive right of issuing a paper currency, granted to the chartered banks, was a monopoly; and monopolies can never exist without violating, to a certain extent, individual rights. But the actual evils produced by that particular monopoly have been greatly exaggerated, and should be reduced to their true value.

The right of issuing paper money as currency, like that of issuing gold and silver coins, belongs exclusively to the nation, and cannot be claimed by any individuals. If it be insisted that government has no right to part with it, unless it be granted to all, it must be recollected that a right which from its nature cannot be exercised by an individual is for him a nullity. The right in question can be exercised only by men of wealth or by impostors. The poor classes cannot enjoy it: the right claimed is only that all wealthy persons should be placed on an equal footing.

The monopoly also is in that case limited to the formation of the banks. The favored or original subscribers expect to make a profit of about five per cent. upon their shares; and thus far the monopoly extends. From the moment the bank has been organized the monopoly ceases; every person may participate and become an associate in the banking business who can purchase bank shares; and these, being generally of twenty-five or fifty dollars each, are within the reach of almost all the sober and industrious members of the community.

Competition amongst the monopolists had also rendered the privilege valueless. There is not a single city bank, chartered subsequent to the year 1833, the stock of which is not below par. The small profit anticipated by the original subscribers has not been realized. On the other hand, the partiality exhibited by the Legislature in granting charters had prevented any immoderate increase of the banking capital of this city, and that

was a beneficial result; for the permission of issuing paper money, when given to all, has a tendency to increase its quantity, and the dangers to which such issues are always liable.

The opposition to the banking system was originally, in this State, as much against paper currency, by whomsoever issued, as against the monopoly enjoyed by the banks; and the preceding observations have been introduced principally because, in pursuing too eagerly that which was almost a shadow, the opponents seem to have lost sight of the principal object, and to have remained satisfied that there should be a dangerous excess of paper money, provided everybody should be permitted to issue it.

But, even if it should be satisfactorily proved that the monopoly of chartered banks has been attended with favorable results as regards the soundness of the currency, the dangers of special, substituted for general, legislation are a paramount objection. The very essence of law consists in its being equal and general; and, although there are some necessary exceptions, special legislation should never be resorted to whenever it can possibly be avoided.

The danger of special laws is greatest when they relate to moneyed institutions or to special appropriations of money. It is generally believed that the original charters of some of the city banks were, about thirty years ago, obtained by direct corruption. Although, in latter years, nothing more has been alleged against the Legislature than the influence of party spirit, or yielding to personal solicitations, yet the danger, and even the suspicion, of being controlled by more degrading motives should be avoided. The fatal consequences of the baneful influence of the banking interest in other States are but too well known. In the case now under consideration it is believed that a general law may be substituted for special legislation. The principal object will be obtained provided the law be equal, that is to say, provided that all may be permitted to issue a paper currency on the same terms. But it is at the same time the firm conviction of the writer that it is necessary, in order to secure a sound currency, that restrictions should be imposed upon all those who do issue the paper.

The proposition that a paper currency may be issued by all without any legislative restrictions, appears to be founded on an erroneous application of the principle of free trade. Free competition in producing or dealing in any commodity causes a reduction in the cost or an improvement in the quality of the commodity. In money dealings, the same competition furnishes the use of money and procures discounts of negotiable paper on the cheapest possible terms. But issuing a paper currency is not dealing in money, but making money. The object, with respect to such currency, is not to produce a commodity cheaper or varying in value, but, on the contrary, to furnish a substitute perfectly equal to gold or silver, and therefore of comparatively invariable value. Competition cannot make a cheaper currency, unless by making it worse than the legal coin of which it is the representative. In that case it becomes analogous to a debased coin, and, if permitted to circulate, the bad generally drives away the faithful currency.

The general currency is always the standard of value of the country. To fix that standard is as important and necessary as to fix the standard of weights and measures. Both are preliminary enactments which regulate and govern the freest possible trade. Gold and silver are the only standard of value recognized by the Constitution. The power to regulate the value of gold and silver coins, as well as that of fixing the standard of weights and measures, is vested in the general government. If any State Legislature permit the substitution of a paper for a gold or silver currency, it is bound so to regulate that currency that it shall not alter the constitutional standard of value. The unrestricted right of coining gold or silver might be claimed with as much propriety as that of coining a paper currency.

No restrictions should be imposed on the acts of individuals or associations but such as are necessary to secure the rights of others or to protect the whole community. But thus far the restrictions are proper and necessary. It will not be denied that the evils of a depreciated currency, and those resulting from either the failure or the suspension of payment of those who issue a paper currency, universally fall most heavily on the poorer classes and the most ignorant members of society. Re-

strictive laws are necessary for their immediate protection, as well as in order to guard against the general evils of an irredeemable currency.

It has been asserted, but not a single argument has been adduced in support of the assertion, that an indefinite number of unrestricted banking associations or private bankers would secure the community against the dangers of depreciation, suspension, or failure. If we appeal to experience, we find that the attempt to introduce that system in Michigan has been a complete failure, and has been the source of innumerable frauds. In some States banks have been so unrestricted and charters so liberally granted that the result differed but little from complete free banking. Indeed, what more unrestrained system can be devised than one which has produced nine hundred banks and branches, and under which all the restrictive laws are suspended in one-half of the States! The evils under which we labor are principally due to the want of proper restriction upon the banks. The result has been favorable in proportion as the restraints have been most efficient.

Abroad, the privilege of issuing bank-notes or private negotiable paper as currency has nowhere, except in the British dominions, been considered as belonging of right to private individuals or to joint stock associations. The experiment of free banking has been made only in Great Britain. With respect to the country bankers, the experiment may be considered as a failure. The number of bankruptcies and the amount of losses have been as great as under the former loose system of the banks of the several States; and, in proportion, far greater than in New York under its better regulated system.[1] The establishment of joint stock banking associations in England is of too recent a date to form any definitive opinion of their eventual success. As yet the example of the banks of Scotland can alone be appealed to in favor of free banking.

---

[1] The commissions of bankruptcy in England against bankers amounted to ninety-two during the years 1814–16; to sixty-five during the year 1825 and the three first months of 1826. The annual average was eight, from 1817 to 1824, inclusive.

These banks cannot be compared to those of our large cities. They are, in fact, subordinate to the Bank of England, dependent for the payment of their balances on their London funds, hardly ever called on for specie, and suspending their specie payments whenever the Bank of England does suspend. But there must be a difference of habits between Scotland and even England, such as to have induced Parliament not to include the first in the general regulation which prohibits the issue of notes of a less denomination than five pounds. The difference is still greater between Scotland and America.

The spirit of enterprise will always be proportionate to its field, to the prospects open to it by the extent, geographical situation, and other circumstances of the country. The Scotch are an enterprising people; but the great and indeed extraordinary progress they have made in agriculture, manufactures, and commerce has been gradual and regular, obtained by persevering industry, and accompanied by a degree of prudent caution and of frugality altogether unknown in America. The population of Scotland is so far stationary that it consists almost exclusively of natives of the land. The property, standing, and character of every member of the commercial community are generally known. All persons may nominally establish banks, but their notes could not circulate unless received by the old banks; and these perfectly check each other by the regular payment of their respective balances. There is another ingredient belonging to all the free banks of Great Britain which will be immediately adverted to, and which would, it is believed, present an insurmountable obstacle to the introduction of unrestricted banks in America.

It would not be fair to draw general inferences against free banking from the consequences of the defective system of New York. It will be perceived that the preceding observations have no reference to that system, and apply generally to the most perfect plan which might be devised. The provisions of the Free Banking Act of New York will now be examined.

That law was passed in April, 1838, at a time when the general prejudice against chartered banks, growing out of the warfare waged against them, had received additional strength from

the suspension of specie payments, and when their monopoly was generally deprecated. Unfortunately, no substitute or rational plan of free banking had been prepared by its advocates. The Act bears internal evidence that it was prepared by speculators, who took advantage of the opportunity for procuring a law that would suit their purpose.

There was, however, an intrinsic difficulty in passing a law founded on correct principles. The condition alluded to, as common to all private bankers who have ever been permitted to issue a paper currency, and to all the free banking associations of the same description which have ever existed, is the personal responsibility, to the whole extent of their fortune, of the private bankers and of all the shareholders in the banking associations. That responsibility is and has always been deemed essentially necessary. But whilst there were in existence ninety chartered banks spread over the whole State, whose shareholders were not subject to that responsibility, it would have been a mockery to authorize nominally free banks with that responsibility attached to the associates. We may go farther and say that such a plan would not be practicable even if banks of a different description had not existed.

That degree of reciprocal confidence does not and cannot exist here which would induce men of property to risk the whole of it for the sake of obtaining the interest, or very little more than the ordinary interest, on their share in the association. That which is actually the fact in Scotland is not practicable here. The laws, habits, and public opinion are not the same. American merchants, indeed, give large and often indiscreet credits, but always in the expectation of a large profit. The shareholders of the Bank of Commerce, consisting of some of the most wealthy and respectable merchants and other men of capital of this city, aware of the greater confidence placed in chartered banks than in the new banking associations, have authorized the directors to accept a charter if it could be obtained; but with the express condition that it should not impose personal responsibility on the shareholders. No stronger proof can be given of the insurmountable reluctance to such a provision.

It is evident that some other guarantee is necessary when

there is no personal responsibility. That guarantee has heretofore always been that of the actual payment in specie of a capital fixed by law. This is the substitute which has always been required from the chartered banks, and which should have been the essential condition imposed on the contemplated banking associations. The omission of any efficient provision for that purpose is the fundamental error of the law. It declares, indeed, that the capital shall not be less than one hundred thousand dollars, but does not specify of what that capital shall consist nor when or how it shall be paid. The principal provisions of the Act are the following:

The persons associated must file in the office of the Secretary of State a certificate specifying the name, place, duration, and capital of the association, and they may provide, by their articles of association, for an increase of their capital.

The banking business which the associations may carry on is defined nearly in the same words used in the charters of the old banks, and they are in the same manner forbidden to hold real estate otherwise than as is provided in the same charters.

No association shall, for the space of twenty days, have less than twelve and a half per cent. in specie on the amount of its circulation; nor, if its capital should be reduced, make dividends until the deficit shall have been made good; nor issue bank-notes of a denomination less than one thousand dollars, payable at any other place than that where its business is carried on. By a subsequent amendment to the law the associations are forbidden to issue post-notes, and the provision respecting specie is repealed.

The associations shall pay damages at the rate of fourteen per cent. per annum for non-payment only of every note in circulation the payment of which shall have been demanded and refused.

The bank-notes which any association may issue must be prepared and countersigned by the comptroller of the State, and he is not to deliver to any association notes to a greater amount than that of State stocks or of mortgages previously deposited with him by the associations respectively. The stocks, &c., thus deposited are pledged for securing the payment of the notes put in circulation, and shall be sold accordingly whenever required for that

purpose. By a subsequent law, mortgages and the stocks of the State alone are receivable.

Semi-annual statements of the affairs of every association, verified by the oath of the president or cashier, must be transmitted to the comptroller and published by him.

Upon the application of creditors or shareholders, the chancellor may order a strict examination to be made of all the affairs of any association; and the result of such examination, together with his opinion thereon, shall be published in such manner as he may direct.

If any association shall neglect to transmit to the comptroller the statements required, or if it shall have made dividends in violation of the provision above stated, or if it shall violate any of the provisions of the Act, such association may be proceeded against and dissolved by the Court of Chancery.

The shares of the associations shall be transferable on their books; and every person to whom such transfer shall be made shall succeed to the rights and liabilities of prior shareholders. No shareholder shall be liable in his individual capacity for any contract or debt of the association unless declared to be so liable by the articles of the association; and no association shall be dissolved by the death or insanity of any of the shareholders.

All contracts made and notes issued by any such association shall be signed by the president, or vice-president, and cashier. All suits, actions, and proceedings brought or prosecuted in behalf of such association may be brought or prosecuted in the name of the president; and all persons having demands against the association may maintain actions against the president. Such suits or actions shall not, in either case, abate by reason of the death, resignation, or removal from office of such president, but may be continued and prosecuted to judgment in the name of or against his successor in office, who shall exercise the powers and enjoy the rights of his predecessor.

All judgments and decrees rendered against such president for any liability of the association shall be enforced only against the joint property of the association. No change shall be made in the articles of association by which the rights, remedies, or security of its existing creditors shall be weakened or impaired.

The original certificate filed with the comptroller affords no security that the capital has been paid. It does not appear to require the sanction of an oath; and there is no penalty for making a false certificate. There is no provision declaring of what the capital shall consist, or in what manner it shall be paid. The only provision in that respect is the obligation to deposit the stocks or mortgages equal in amount to that of the bank-notes issued by the association. Beyond that deposit, which by the supplementary law must amount to one hundred thousand dollars, no provision whatever is made for the residue of the capital. This may be nominal or real, consisting, at the will of the parties, of specie, mortgages, or stocks of any description, of nominal debts, or of nothing at all. There is no provision to prevent the shareholders from paying their shares by giving their own notes. Even the minimum of securities deposited with the comptroller, and intended as a guarantee for the payments of the issues, was not determined by the original law. An association depositing ten thousand or one thousand dollars in stock of the most equivocal character, and announcing a capital of some millions of dollars that did not exist, was permitted to begin its operations. Heretofore it had been deemed essential that the whole capital should be paid in specie. An honest institution with a capital consisting of nothing but mortgages has nothing to lend, and must necessarily begin its operations by contracting a debt. And those mortgages afford no available resources to meet the liabilities to which a banking association must necessarily be liable.

The dangers of an excessive capital concentrated in associations invested with the attributes and privileges of a corporate body are undeniable, and have been lately sufficiently exemplified. That danger is greatly increased if the duration of such associations is indefinite. This had always been attended to. No bank had ever been chartered in this State with a capital exceeding two millions of dollars; and none could either increase or reduce it without the consent of the Legislature. With the exception of two institutions, incorporated for other objects, the duration of a bank did not exceed twenty-five years. No provision was made in either respect by the free banking law;

and as a specimen of the expectations of the first projectors, we annex a statement of the applications made during the first six months after the law had gone into operation.

Name and Style of Company.	Where located.	Capital subscribed.	May be increased to	Chartered for
		Dollars.	*Dollars.*	*Years.*
Bank of Western New York	New York City	500,000	500,000	100
Bank of Western New York	Rochester	180,000	180,000	100
North American Trust and Banking Co.	New York City	2,000,000	50,000,000	463
Bank of the United States in New York	New York City	200,000	50,000,000	62
Mechanics' Banking Association	New York City	128,175	10,000,000	99
Staten Island Bank	Port Richmond	100,000	5,000,000	100
Erie County Bank	Buffalo	100,000	100,000	112
Lockport Bank and Trust Company	Lockport	500,000	2,000,000	262
Bank of Central New York	Utica	100,000	2,000,000	4050
Bank of Syracuse	Syracuse	100,000	1,000,000	500
American Exchange Bank	New York City	500,000	50,000,000	100
Farmers' Bank of Orleans	Gaines	200,000	500,000	25
St. Lawrence Bank	Ogdensburgh	100,000	2,000,000	100
Merchants' and Farmers' Bank	Ithaca	150,000	2,000,000	201
Willoughby Bank	Brooklyn	100,000	100,000	100
Stuyvesant Banking Company	New York City	300,000	2,000,000	199
New York Banking Company	New York City	1,000,000	20,000,000	100
East River Bank of the City of New York	New York City	100,000	25,000,000	152
Chelsea Bank	New York City	1,000,000	10,000,000	150
Farmers' Bank of Ovid	Ovid	100,000	1,000,000	112
Tenth Ward Bank	New York City	100,000	10,000,000	462
Bank of Waterville	Waterville	100,000	1,000,000	1000
Millers' Bank of New York	Clyde	300,000	1,000,000	1000
Albany Exchange Bank	Albany	100,000	10,000,000	602
Exchange Bank of Genesee	Alexander	100,000	500,000	162
Farmers' and Mechanics' Bank of Genesee	Batavia	100,000	1,000,000	162
Genesee County Bank	Le Roy	100,000	1,000,000	161
United States Bank of Buffalo	Buffalo	100,000	5,000,000	200
Bank of Kinderhook	Kinderhook	125,000	300,000	50
Merchants' Exchange Bank of Buffalo	Buffalo	200,000	5,000,000	100
Le Roy Bank of Genesee	Le Roy	100,000	1,000,000	161
Mechanics' and Farmers' Bank	Ithaca	100,000	1,000,000	362
Genesee Central Bank	Attica	100,000	1,000,000	300
Wool-Growers' Bank of the State of New York	New York City	100,000	2,000,000	100
Bank of Lowville	Lowville	100,000	500,000	463
Erie Canal Trust and Banking Company	Buffalo	200,000	10,000,000	300
Hudson River Bank	New York City	100,000	20,000,000	150
Powell Bank	Newburgh	130,000	1,000,000	100
Patriot Bank of Genesee	Batavia	100,000	1,000,000	161
Bank of Brockport	Brockport	150,000	1,000,000	160
Ithaca Bank	Ithaca	250,000	1,000,000	662
Deposit Bank of Albany	Albany	100,000	5,000,000	161
Bank of Waterford	Waterford	100,000	5,000,000	161
Silver Lake Bank of Genesee	Perry Village	100,000	1,000,000	161
Bank of the City of New York	New York City	100,000	50,000,000	500
Fort Plain Bank	Fort Plain	100,000	500,000	161
Troy Exchange Bank	Troy	100,000	10,000,000	661
United States Trust and Banking Co.	New York City	1,000,000	50,000,000	500
Railroad Bank of Coxsackie	Coxsackie	100,000	1,000,000	161
James Bank	Jamesville*	106,000	1,000,000	661
North Bank	New York City	100,000	10,000,000	462
Bank of Warsaw	Warsaw	100,000	1,000,000	161
Bank of North America	New York City	100,000	50,000,000	200
State Stock Security Bank	New York City			
	* Saratoga Co.	12,319,175	487,680,000	

It is sufficiently apparent from the provisions of the Act that the free banking associations, though not designated by the ob-

noxious name of corporations, and though organized under a general law and not by a special charter, have all the essential and necessary attributes of a corporation. From the moment they are organized they are in character assimilated with the chartered banks. They are, as joint stock companies, governed in the same manner and with the same defects inherent to such companies which have already been mentioned. They have the same power and privileges, are liable to the same abuses, and differ only in name, and in that they are exempted from the restrictions imposed on the chartered banks.[1]

It must be kept in mind that all the arguments in favor of banking not simply free to all, but free also of any restriction, are founded on the presumption that the character and personal responsibility of the banker or bankers afford a sufficient security, and preferable, as is asserted, to any derived from restrictions. It is evident that when the shareholders are not personally responsible, as was the case in every system of free banking ever attempted anywhere prior to the New York experiment, some other permanent guarantee, and not depending exclusively on the character of directors, who are not always the same, must be provided. It is on that account that precautions are necessary not only for the payment, but also for the preservation of the capital, which is the guarantee substituted for that responsibility. This is, in fact, the object of the restrictions imposed on the chartered banks.

The original Free Banking Act did not forbid the issuing of

---

[1] The free banking law is, at least, so generally understood. The new associations have, by the judgment of the Court for the Correction of Errors, been declared not to be bodies politic or corporate within the spirit and meaning of the Constitution. The decision thus expressed might seem to leave it doubtful whether they were not, however, moneyed corporations within the spirit and meaning of the Revised Statutes; in which case they would be subject to all the general laws respecting such corporations. But it was provided by the Act of 14th May, 1840, that no such association should issue notes not payable on demand and without interest, and that all those associations should be subject to the inspection of the bank commissioners; which would have been unnecessary had those institutions been considered as moneyed corporations, since all of those having banking powers were made subject to both those provisions by the Safety Fund Act.

post-notes; it has in that respect been amended; but the law, as it now stands, contains no provision forbidding the dealing in stocks, nor in relation to the amount either of loans, discounts, and other investments, or of the debts which the new banking associations may contract. They are authorized to loan money on real security, and are generally, with respect to their operations, left still more free than the United States Bank of Pennsylvania. Those restrictions might, by the ardent friends of free banking, be deemed useless if the shareholders were personally responsible; they become necessary when there is no such responsibility. There are other provisions now in force with respect to chartered banks the propriety of which, in reference to the new associations, cannot, it is believed, be disputed.

Although the law was passed during the general suspension of the banks, no efficient provision is found in it to guard against the recurrence of the same catastrophe. The only penalty in that respect is the obligation to pay damages at the rate of fourteen per cent. per year on bank-notes the payment of which is demanded and refused. And experience has proved that a similar provision was, in case of a general suspension, almost nugatory. But there is none in the Act either for constraining the associations which shall have suspended their payments to discontinue their operations, nor for a dissolution as the necessary consequence of not resuming specie payments within a year. The chancellor is authorized to dissolve the institution only in case it shall have violated some of the provisions of the Act; that is to say, in case it should not have the amount of specie required, or should have made dividends with a reduced capital, or have failed in transmitting the semi-annual statements to the comptroller.[1] But under the law, as it now stands, there is nothing to prevent associations which have suspended their payments from continuing their operations during an unlimited term of years.

The only object which seems to have attracted the attention of the Legislature is, not the danger of a suspension, but the

---

[1] Even those statements are complex, partly unintelligible, and differently understood and prepared by the several associations.

ultimate redemption of the notes put in circulation. The provision in reference to that object is the only condition not imposed on the chartered banks to which the new associations are subject. They must deposit with the comptroller certain securities, equal in amount to that of the bank-notes which they are permitted to issue.

This provision, even as now amended, secures the ultimate redemption of about nine-tenths of the circulation; it is no protection against the immediate depreciation of the notes whenever the banking association fails or suspends. Those only who can wait realize that portion which is ultimately recovered by the sale of the securities. In the mean while, the notes dispersed in very small sums amongst a number of persons, generally those who are least able to discriminate, are sold at a lower price than even their actual worth, and the loss falls on those least able to bear it and who require protection. It is the belief of the writer that this provision is in fact injurious; inasmuch as it gives an unmerited credit to institutions which do not deserve it, and inspires a general unfounded confidence on the part of those who from their situation cannot have the information necessary to discriminate between a good and a doubtful bank-note.[1] On one point, at least, there can be but one opinion: nominal restrictions or provisions which do not fulfil the object for which they were intended ought to be repealed.

The consequences of the Act have been nearly such as might have been expected. Several respectable associations have been formed under the law with the intention of carrying on honestly legitimate banking business. Three such are now in operation in this city, one of which has committed the error of having part of its small capital paid in mortgages. All three carry on their business and are governed on the same principles and in the same manner as the chartered banks. It may be added, that they have also been formed in the same manner. A number of persons unite themselves in order to establish a bank, take a part

---

[1] It would be extremely desirable that the people might be persuaded to adopt as a general rule never to receive or offer in payment a bank-note not payable at the place where it is offered.

of the capital, invite afterwards others to unite with them, and generally preserve the control of the bank. Whether it be the chartered Bank of the State of New York or the free Bank of Commerce, the process in the formation of both is the same. The only difference in that respect is that the founders of the one were obliged to obtain the special leave of the Legislature, and that those of the other were enabled to make their arrangements under the auspices of a general law. There can be no doubt that under such a law, if new, real and honest banks are wanted, they will be formed, and that when they are found not to be profitable there will be no desire to increase their number. Under the present imperfect system of free banking there is, however, this difference between the two species, that the confidence placed in the new associations rests exclusively on the personal standing and character of those who control them, whilst that which is placed in the chartered banks is founded not only on the personal character of the directors and officers, but also on the guarantee offered by the restraints imposed on them by law. Limited confidence only can be placed in joint stock companies which are not laid under efficient restrictions and subject to strict inspection and examination. The character of the president and directors of the Bank of the United States was as irreproachable as that of the directors and officers of any of the banking institutions of New York.

But if some banks, formed and governed on sound principles, have been established under the free banking law, it may also give birth to associations of a different character. Some have their origin in ignorance, others in the sanguine expectations of bold speculators; occasionally they may be founded in fraud. One of the most common errors has been the belief that an association the capital of which consisted exclusively of mortgages could carry on profitably ordinary banking operations. It is clear that such an institution has nothing to lend but the notes which it may be authorized to issue and the deposits which it may receive; and that, whatever confidence may be placed in its ultimate means, there can be none in its available resources. The largest association of this description has hardly attempted to put its notes in circulation; it has hardly been known as

a banking institution, properly so called. But whatever may have been the nature of its operations, and although it is hardly possible that its mortgages should be worth less than one-half of their nominal value, the market-price of its stock is not more than ten or twelve per cent. In this case the loss, so far as is known, falls only on the shareholders. But the conclusive proof of the unsoundness of the system is found in the fact that, out of about eighty associations formed under the law, more than twenty have failed in the course of two years and a half;[1] whilst, as has already been stated, two only out of the ninety chartered banks have failed during a period of ten years.

The numerous failures of country bankers in England in particular years have already been alluded to. A more correct view of the subject will be obtained by taking the average of a number of years. The number of commissions of bankruptcy issued during the twelve years 1814 to 1825 against bankers amounted to one hundred and ninety-four; the number of bankers was estimated to amount to about one thousand. The ratio of failures to the number of bankers was, therefore, sixteen per cent. in ten years. The ratio of failures to the number of chartered banks in the State of New York has been less than two and a quarter per cent. during the last ten years. Here we compare personally responsible private bankers with banks in which the capital actually paid has been the guarantee substituted for personal responsibility, and which have been regulated by efficient restrictions. The assertions that the community will be better protected, and individuals of all classes less likely to be imposed upon, under a system in which there is neither personal responsibility, nor any assurance of a sufficient and real capital actually paid, nor any legal restrictions that may prevent the dilapidation of that capital, is a pure theoretical opinion wholly unsustained by experience.

Whenever an application is made either for the reduction of the capital of a chartered bank, or for the renewal of the

[1] The securities of twelve of these, which had been deposited with the comptroller, are at this moment advertised for sale by him, in order to pay their circulation.

charter, or even for changing the location of a bank from one street to another, these banks continue to be represented as privileged bodies; and they are invited to surrender their charters and to convert themselves into free associations under the general law.

It is extraordinary that intelligent men should still consider the chartered banks as enjoying exclusive privileges. The monopoly is now destroyed; and all persons or associations of persons may now establish banks on more easy terms than those imposed on the chartered institutions, and with all the privileges enjoyed by them. If any importance be attached to the obligation of depositing an amount of State stocks or mortgages equal to that circulation, though useless and even injurious, it may easily be extended by a legislative Act to the chartered banks. But if the enemies of monopolies will only take the trouble to examine the general laws respecting moneyed corporations and the special charters of the banks, they will find that these banks do not enjoy a single privilege which is not common to the free banking associations: and that what they are pleased to call privileges consists, on the contrary, altogether of restrictions. There is not now the slightest foundation for the assertion, and it has become quite senseless.

Two things are requisite in order that the chartered banks may convert themselves into free associations; first, that a law should be enacted for that purpose; secondly, that the free banking law should be so modified as to make the conversion proper.

There is not now any other legal mode by which the conversion can be effected than by a dissolution of the corporation and a subsequent association of the shareholders. The manner in which a corporation can be voluntarily dissolved is prescribed by law. The process would last one or two years, during which the bank must suspend all its active operations; and in order to accomplish the object it must pay all its liabilities before the shareholders can have access to the capital and either divide it or form with it a new association. It must therefore, in the first instance, lose all its deposits and redeem all its circulation, and then, at the end of two years, begin anew without either.

Every person practically acquainted with banking knows that under this process five or six years would elapse before the bank could recover its former situation.

But even if a law were passed authorizing the immediate transmutation, no sound bank would, or at least ought to, avail itself of the provision; for if it did, it would immediately lose the public confidence. It would at once be presumed that a bank pursuing that course wanted to be free of restrictions, to launch into some speculative operation, and to escape responsibility. The fact is that the greater confidence placed in the chartered banks is entirely due to the restrictions imposed by law upon them.

It is at the same time highly desirable that all the banks and banking associations should be placed under the same regimen, and by virtue of a general law instead of special charters or any special legislation. It seems that this might have been done with great facility at the time when the free banking law was enacted. Nothing more was necessary in order to destroy the monopoly than a short Act authorizing the forming of free associations with all the corporate attributes given by the present law, but precisely on the same terms which are imposed on the chartered banks by the general laws of the State. This would at once have placed all on an equal footing. This having been done, an examination of those laws and the lessons of experience would have enabled the Legislature to select and modify such of the existing restrictions and to add such new conditions as in its opinion were proper and necessary. Whether the system thus adopted had embraced few or many restrictions, or had repealed them altogether, that which was proper and necessary for the new associations was equally so for all the chartered banks carrying on the same business. The power reserved by the Legislature to modify and alter any charter extended to all the chartered banks, with the single exception of the Manhattan, and perhaps of the Dry Dock Company. The four other banks not under the safety fund are understood to have assented, in conformity with the Suspension Act, that the Legislature might modify or repeal their charters.

There does not seem to be at present any serious obstacle to

the same course of proceeding. No special Act affecting singly any one of the new banking associations can be passed; but the Legislature may at any time *alter* or repeal the Act itself. Vested interests must be respected; and for that purpose it would be sufficient to limit the duration of all such existing associations to a limited term of years, and their capital to the amount actually paid at the time when the new amended law did pass. The restrictions deemed necessary and proper by the Legislature would then be extended to all the existing free associations and chartered banks, as well as to all other free associations which might thereafter be formed. The object should be that all the charters should merge in the general law, and that the law should be precisely the same for all those engaged in the same pursuit. What restrictions should, in the opinion of the writer, be preserved or added have already been fully stated.

It is believed, and the belief is corroborated by the result of private banking in England and by what is known respecting the new joint stock companies of that country, that there is danger in granting the unrestricted power of issuing a paper currency, even when accompanied by the personal responsibility of those who issue the paper. But this applies only to notes of a certain denomination. Notes of one hundred dollars and of a higher denomination circulate almost exclusively between dealers and dealers, and might, like bills of exchange, be permitted to circulate without any restrictions or other guarantee than the personal responsibility of the persons or associations by whom they were issued.

ACTION OF CONGRESS.

The objects to which, in reference to currency, the powers vested in the general government may, it is believed, be applied, and which will probably become at this time subjects of discussion, are the Sub-Treasury, a bank of the United States, and a bankrupt law.

The government of the United States has the undoubted right to intrust the custody of the public moneys to its own officers; and this is sometimes necessary. It may also, and every individual has the same right for debts due to him, require the payment of taxes and other branches of the revenue to be made exclusively in gold or silver. And it is bound to carry into effect the provision of the Constitution which directs that all duties, imposts, and excises shall be uniform throughout the United States.

From the time when the government was organized till very lately it had been thought safer, whenever it was practicable, to commit the custody of the public moneys to banks rather than to intrust them to the officers of government; and there is no doubt in that respect whenever the money can be deposited in sound and specie-paying banks. In that opinion the whole community coincides. The character of the late as well as that of the present receiver for the city of New York is irreproachable. Yet it would be difficult to find any individual in his senses who would not deposit his money in a sound city bank rather than in the hands of the receiver. The capital of the bank is a better security than the bonds of any private person; and the banks are answerable for contingent losses, such as fire or robbery, for which a public officer cannot be made responsible. So long, also, as the bank currency remains equivalent to the precious metals, it is much more convenient both for government, for those who have duties to pay, and for all the parties concerned, to conform to the general usage rather than to require payments in specie.

But the depreciated currency of banks which have suspended specie payments cannot be received in payment of duties and of other taxes without a violation of the principles of justice and of the positive injunction of the Constitution. And instances may occur in some sections of the country where it would be unsafe even to make a special deposit of the public moneys in any bank in that section. At a time when one-half of the public revenue is collected in places where all the banks have suspended specie payments, Treasury notes appear to afford the most convenient means of complying with the Constitution and

of rendering the duties uniform throughout the United States.[1] Some other means of accomplishing that object must be devised, if it should please Congress to suppress the use of those notes and to repeal altogether the Sub-Treasury Act.

The specie clause, as it is called, of the Act is, however, liable to serious objections. It had already been previously provided that the Secretary of the Treasury should not employ any bank which had suspended specie payments. The new provision, which extended the prohibition to all the banks without exception, was in fact operative against those banks alone which continued to pay in specie. Those who had duties to pay might be annoyed; but it was quite immaterial to the banks which had ceased to pay any of their liabilities in specie whether the duties were paid in coin; the demand for it did not fall upon them. It was quite otherwise in the places where specie payments were sustained; and the law in that respect, though probably not thus intended, was a warfare directed exclusively against those institutions which performed their duty and not without some difficulty sustained a sound currency. It is true that in the actual state of things, and whilst the revenue falls short of the expenses, the law, though occasionally annoying, does not produce any sensible effect; but this also proves that it was not necessary.

Whenever the revenue shall exceed the expenditure the law will operate, and if the excess should again be considerable, the drain of specie this would occasion might indeed break any bank, and render the suspension of specie payments universal. It cannot be perceived in what manner the measure can in any way whatever have a tendency towards restoring a general sound currency. It is utterly impossible to substitute, otherwise than very gradually, a currency consisting exclusively of the precious metals for that which now pervades the whole country.

---

[1] The Treasury notes are a mere transcript of the English Exchequer bills. Used as soberly as they have been of late years by the Treasury Department, and provided they are kept at par, they are the most convenient mode of supplying a temporary deficiency in the revenue, as well as the most convenient substitute for currency in the payment of duties during a suspension of specie payments.

Any great accumulation of the public moneys is attended with such evils that it must at all events be averted. If consisting of gold and silver accumulated in the Treasury chest, it is an active capital taken from the people and rendered unproductive. If deposited in banks, or consisting of bank paper, it may again produce a fatal expansion of the discounts and issues of the banks, attended by overtrading and followed by contractions and a general derangement.

Another objection to the law was that, with the exception of Congress and of the officers of the general government, it seemed as if the whole community was opposed to the measure. If necessary and proper for that government, it was equally so for that of every individual State. And yet it was not adopted or even proposed by the Legislature of a single State. On the contrary, even in some of those most friendly, and to the last most faithful, to the late Administration, a direct and legal sanction was given to the collection of the State revenue in a depreciated and irredeemable currency, instead of requiring payment in specie, as was done by the Act of Congress.

This country had a sound currency, and there was no general suspension of specie payments, so long as either of the two Banks of the United States was in existence. The refusal to renew the charters was in both instances followed by a large increase of State banks, and shortly after by a general suspension of payments. The resumption which took place in 1817 immediately followed, and has been generally ascribed to, the establishment of the second national bank. Notwithstanding the efforts of the banks of New York and of New England subsequent to the suspension of 1837, a general resumption has not yet taken place. A considerable portion of the commercial community therefore hopes that a new Bank of the United States will accelerate such resumption and again secure a currency equivalent to gold and silver. This confidence, if sustained by a proper administration of the contemplated bank, might go far towards attaining the object in view. Confidence is certainly a most powerful element in sustaining any system of paper currency.

On the other hand, a national bank has ever been, and from

its nature must be, generally unpopular. It will always be assailed by those who are opposed generally to banks; by many, as not warranted by the Constitution; and at present from considerations connected with the state of parties. It must also be admitted that great power is always liable to be abused, and it cannot be doubted that the catastrophe of the United States Bank has shaken confidence, and given additional strength to the arguments against a bank of that name and character and with such a large capital.

These considerations render it necessary to act with great caution and due deliberation, to form a just estimate of the advantages which may be expected from the intended bank, and to inquire by what provisions the substantial objections against the institution may be obviated.

The opinions of the writer respecting the constitutional powers of Congress, the great utility of a national bank as the fiscal agent of government, and the aid which may be derived from it to regulate the general currency of the country, are the same as heretofore. The constitutional question has been so long and in so many shapes under consideration that the subject appears to be exhausted, and nothing needs be added in that respect. Independently of the temporary accommodations which a bank of the United States affords to government when required to supply a temporary deficiency in the revenue, and of the advances which it may in extraordinary times make to the contractors of public loans, there cannot be any doubt that, as regards the security and transmission of public moneys and the general convenience of the Treasury, a national bank is far preferable to those of individual States. The experience of the writer under both systems permits him to make the assertion with perfect confidence.

The only way in which a bank of the United States can regulate the local currencies is by keeping its own loans and discounts within narrow bounds, and rigorously requiring a regular payment of the balances due to it by the State banks. The object might be attained without its aid in places where the local banks will, by adopting the same course, check each other and regulate themselves. Where this does not take place, the

interference of the national bank is of great importance and highly useful. But the measure is practically difficult and generally unpopular, though it might be rendered more palatable if the bank was forbidden to use the public deposits beyond a certain amount for its own benefit.

This favorable result may be reasonably expected whenever a general resumption shall have taken place. But doubts may be entertained whether, under existing circumstances, the bank can cause a general resumption without the aid of State legislation or the co-operation of the State banks; and it is perfectly clear that it cannot act as a regulator of local currencies in those places where the banks from any cause whatever continue to suspend their specie payments. It would seem necessary to ascertain in what places, and particularly in which of the great centres of commerce, a national bank is desired, and, from the confidence it might inspire, would induce a resumption.

Some other advantages, of a more doubtful nature, seem to be expected from a bank of the United States; such as an increase of commercial facilities, a greater uniformity in domestic exchanges, and a hope that its notes may, to a great extent, advantageously supersede those of the local banks.

An increase of the mass of commercial loans is not at all desirable. The number of banks and the amount of their discounts is already too great, and in order to be useful the effect of the loans and of the circulation of the national bank should be to lessen, and not to increase, the gross amount of both.

The great inequality and fluctuations of the domestic exchanges, so far as they are the result of depreciated currencies, cannot be remedied by a bank of the United States as long as they continue to be the local circulating medium. After that evil shall have been removed by a resumption of specie payments, the bank cannot and ought not to interfere any farther than as purchasers and sellers of exchange and drafts in the same manner as other money dealers. It is only as an additional dealer, with greater funds and facilities than any other, that the bank may bring exchange nearer to par, or, in other words, transmit on cheaper terms funds from one place to another, as they may be wanted.

But it is a great error to suppose that it can afford a generally uniform currency, or one which shall at the same time be of the same value in all places. This is to confound exchange and currency, and to suppose that paper money may not only be a true representative of gold and silver, but can perform that which gold and silver cannot accomplish.

The fluctuations in the rate of exchange, like those in the market-price of commodities, depend on the relative amount of supply and demand; and these again on the relative indebtedness and the actual means of making remittances. When American coins can purchase in New York bills on London which will produce there an amount of British coins containing as much pure gold as was contained in the American coins with which the bills were purchased, it is called the true par of exchange. If the amount of British coins obtained in London for the bills contain less pure gold than the American coins paid for the bills, it is a clear proof that the same quantity of pure gold is worth less in New York than in London; and this cannot be altered by substituting in New York for coin a paper money which has no other property than that of being convertible into coin at New York at its nominal value. The case is precisely the same between New Orleans and New York, or between any two places whatever.

A national bank may find it possible and convenient to give occasional facilities in that respect. But it can no more issue a currency necessarily payable, at the option of the holder, in several places than a merchant can bind himself to be ready to pay a debt at five or six different places at the option of his creditor and without notice.

If the bank should issue all its notes payable at one place, they would be currency at the place of issue; and in every other place they would be worth more or less than the local currency, or than gold or silver, according to the rate of exchange between such places respectively and the place of issue where alone they were made payable. If the notes are, as heretofore, made payable at various places, such issues will make part of the local currency of the places where they are respectively made payable, and cannot pay debts elsewhere any more than the notes of local banks.

It would seem generally to follow that the circulation of a bank of the United States cannot be otherwise extended than in as far as it may supersede the local currencies of the several States. In former times that circulation was principally in the South and in the West, as will appear by the following authentic statement of the places where the notes in actual circulation of the Bank of the United States were payable in September, 1830:

Payable in	New England	$834,492
"	New York	834,733
"	Philadelphia	1,367,180
"	Baltimore and Washington	1,176,240
"	the Southern States	3,074,045
"	the North-Western States, including Buffalo and Pittsburg	3,261,547
"	the South-Western States	4,799,420
		$15,347,657

It may be doubted whether a similar proportionate amount can now be circulated in quarters which have become saturated with paper money. It is not impossible that this may take place in those States where the evils of a depreciated currency have become intolerable.

An additional demand to a moderate amount for notes, principally of five dollars, payable at New York or Philadelphia, may also be expected on account of their great convenience in travelling and for small remittances. Checks and bills of exchange are safer and more convenient than bank-notes for large remittances.

If a bank of the United States can, notwithstanding the obstacles of conflicting opinions and interests, be again created by Congress, it will be necessary to guard against the evils which such an institution may produce. The views of the writer, such as they are, have already been stated in the preceding pages. Those provisions that seem most important in reference to a national bank will be recapitulated.

The danger of an abuse of the power which must necessarily be given is increased in proportion to the magnitude of the capital. This should not be greater than is necessary for the object intended. The bank is not wanted in order to increase the

amount of commercial accommodations. A small capital would suffice for its operations in its character of fiscal agent of the government. For the purpose of regulating, as far as practicable, the local currencies, it is not necessary that, at least at first, it should be extended beyond the great centres of commerce. The power hereafter, if found requisite, to increase the capital might be reserved by Congress. A large capital is not wanted for the purpose of sustaining an adequate circulation; and this may be increased without danger beyond its ordinary limits, provided the amounts of loans and discounts be kept within narrow bounds. The Bank of England, with a capital of fourteen millions sterling, sustains a circulation of at least eighteen millions. The Bank of France, with a capital of sixty-eight millions of francs (about thirteen millions of dollars), has a circulation of two hundred and forty millions, and generally in its vaults two hundred and thirty millions of specie. It may be added that, under existing circumstances, the plan may fail altogether unless the amount required be moderate.[1]

It is believed that a capital of fifteen millions of dollars, paid altogether in specie or in bank-notes equivalent to specie, would be amply sufficient. To this may be added, if deemed eligible, and to be viewed as an ultimate guarantee, five millions of dollars in a five per cent. stock of the United States. The bank should not be authorized to dispose of that stock without the leave of Congress, or perhaps of the Treasury Department. No other description of stocks should be admitted as part of the capital.

Besides the restrictions imposed by the charter of the late bank, the amount of loans, discounts, and all other investments bearing an interest should be limited so as not to exceed once and a half the amount of the capital, or, at most, sixty per cent. beyond it. It has already been shown that with that limitation, after the maximum of such investments has been reached, the amount of specie must necessarily increase with that of circula-

---

[1] The views of the writer have, in that respect, been modified since the year 1811 by observations abroad, by practical banking experience at home, and by the aberrations of the late Bank of the United States.

tion and deposits. When such reciprocal increase takes place naturally it produces no inconvenience. If it should be the result of a considerable increase of accumulated revenue, it will produce the same evils which under any circumstances are the consequence of such an increase. Taxes to a large amount would be intolerable if they were not expended, and if the money drawn from the people was not immediately restored to circulation. But if, notwithstanding the measures which may be adopted by government in order to prevent an undue accumulation, this should occasionally take place, the restriction on the amount of loans and discounts will prevent the application to that object of the excess of public deposits. Whether the amount of specie in the bank should be increased from that cause, or by a natural extension of its circulation and individual deposits, that specie will afford an ample security for the payment of all the liabilities of the institution. In that case the bank would be the great reservoir which might, if applied properly, supply sudden demands, and at critical times sustain the other banks, protect the local currency, and lessen the commercial distress.

It is presumed that the ordinary restrictions forbidding to deal in real estate, merchandise, or stocks will be retained, and that the bank will be confined strictly to pure and legitimate banking operations.

The provisions which have been already suggested in case of a suspension of specie payments appear indispensable, as well as one which will declare the bank to be necessarily dissolved if the suspension continues more than a year.

Whether the bank should absolutely be forbidden to issue post-notes, and whether a limitation on the amount of dividends, which in fact will be limited by the restrictions on the amount of loans and discounts, be necessary, are questions which may deserve consideration. But in order to enforce the restrictions and conditions of the charter, whatever they may be, a rigorous and regular inspection by officers appointed by government is absolutely necessary. The power to make occasional examinations by committees of either branch of the Legislature may be reserved, but is not adequate to the purpose. In that respect

the law of New York for the establishment of bank commissioners may serve as a model. It has been tested by the experience of ten years, and has been attended with none but beneficial results. The power given to them to inspect all the books and papers, without excepting the accounts of individuals, and that of examining upon oath all the officers of every bank and every other person concerning its affairs, are both necessary, and have never been abused. In the case under consideration the commissioners would naturally be placed under the superintendence of the Treasury Department. The appointment of directors by government may be useful, but is less important.

Amongst many suggestions that have been made, and which deserve consideration, there is one which appears important, principally in order that the bank may have a truly national character and not degenerate into a local institution. It is proposed that the general control of the bank should be separated from the local business of the place where it may be located. Nothing more is meant by this than that the office of discount and deposit for that place should be as distinct from the general direction as the branches which are located in other places, and that such office should be considered simply as one of the branches. In that case the members of the general direction might be but few,—no more than one or two from any one State,—and it would therefore be necessary, in order to secure the constant attendance of those from other States than that in which the main bank was located, that they should receive a competent and even liberal salary. But this general board, though separated from the office of discount, must still necessarily sit in a great commercial city.

The Constitution of the United States provides that Congress shall have power to establish an uniform rule of naturalization and uniform laws on the subject of bankruptcies throughout the United States.

The true meaning of the word "bankruptcies" has been questioned. But whether, according to the sense in which the word was generally used and understood at the time when the Constitution was adopted, it embraces all persons unable or unwilling to pay their debts, or is confined only to traders and

dealers, it is conceded on all hands that it is applicable to all who are universally admitted to be traders or dealers. And it cannot be denied that bankers or dealers in money are included within that description.

In other respects the power is given in express terms and in the most general manner. It is to pass laws *on the subject* of bankruptcies. Congress is not, therefore, bound by the specific provisions of the pre-existing laws on that subject of any country. It may define what acts shall constitute bankruptcy; what shall be the remedy in reference both to the creditor and to the debtor; and what shall be the mode of proceeding. The question to be examined is, whether the law shall apply to banking corporations. The intrinsic propriety of including those institutions can hardly be denied, and no Act of Congress could be more useful and efficient for the purpose of securing a general sound currency.

The general evil under which the whole country labors is that, owing to the dissimilar, imperfect, fluctuating, or relaxed legislation of the several States, those institutions or corporate bodies which have been permitted to issue a paper currency, on the express condition that it should be at all times redeemable on demand in gold or silver, are suffered with impunity to break their engagements, and to pay their debts in a depreciated paper, not equivalent to that which, by the Constitution, is declared to be the only tender in payment of debts. A law which shall declare it to be an act of bankruptcy, on the part of all those who issue notes or evidences of debt to be put in circulation as money,[1] to continue for a certain length of time to decline or refuse to redeem in specie such notes or bills, would afford the most general and efficient preventive and remedy that can be devised. It would alone be sufficient to arrest the evil, to place all the States on a footing of equality, and to restore and maintain the soundness of all the local currencies.

The laws of the same purport enacted by New York and by

---

[1] These are the technical words used in the law of New York in relation to the issuing and circulation of bank-notes.

some other States are, in fact, bankrupt laws applied to that special object. Those States, and all those which maintain or are desirous of maintaining specie payments and a sound currency, are deeply interested in making the law general. It must also be observed that incorporated banks enjoy already all the privileges which a bankrupt law can afford to debtors; that is to say, that on surrendering all the property which belongs to the corporation no further demand can be made either against it nor, in their individual capacity, against its members. It is, therefore, strictly consistent with justice that they should be made subject to the provisions of that branch of the bankrupt law which is intended to protect the creditors. In point of fact the whole, or almost the whole, banking business of the United States is carried on by incorporated banks. To exempt them from the operation of a general law is not only the grant of a banking monopoly, but an exclusive privilege in favor of a special class of dealers; and the occupation of those dealers, that of substituting a paper for a specie currency, is, of all others, the most dangerous to the community, and that which requires to be most strictly restrained by legal enactments, instead of being exempt from the provisions of a law which applies to every other description of dealers.

Although the great utility and strict justice of the application of a general bankrupt law to incorporated banks may not be denied, it seems that the power of Congress in that respect has been questioned by some persons as an infringement of the rights of the States, and as not being warranted by the Constitution. The object of this essay is to suggest such provisions as appear useful and practicable on subjects which are familiar to the writer, rather than to discuss constitutional questions which may be beyond his competency. But in this instance the objection seems so extraordinary that some desultory observations may be permitted.

The power to establish uniform laws on the subject of bankruptcies throughout the United States is not implied, but express, and it is given in the most general and extensive terms that could be devised, without any other limitation than that which may be deduced from the meaning of the word "bankruptcies," and which does not apply to the question under con-

sideration. The laws must be uniform. It may perhaps be said that the condition of uniformity is not violated by exempting from the operation of the law a certain class of dealers, provided all the dealers of that description are exempted. But this would be a dangerous principle. The power of passing laws on the subject of bankruptcies, like that to regulate commerce among the several States, of which it is in fact only a part, must be uniform in every respect. To permit every other species of property to be freely carried from one State to another, and to except slaves by forbidding their being transported from one slaveholding to another slaveholding State, would certainly be considered as a direct violation of the Constitution.

The power of the several States to create corporations or artificial bodies is universally acknowledged. And, although the privilege may not be absolutely essential, yet, as by usage it is almost universal, the power to confine the responsibility to the property owned by the corporation as such and to make its members irresponsible is also admitted. But it is not perceived on what principle those artificial bodies can in any other respect be, any more than natural persons, rightfully exempted from the legitimate general laws of the United States. Such exemption has not heretofore been claimed. The incorporated banks may, in many instances, be sued in the courts of the United States. Judgments may be obtained in those courts against them, and execution levied on their corporate property. Their real estate is liable to taxation whenever the United States lay a direct tax on property of that description. Their notes were made liable to the stamp duty in common with the notes of private individuals. The individual States might have claimed the right to exempt those institutions in all those respects with as much propriety as in reference to a bankrupt law. The claim might be extended to all other associations of persons incorporated for establishing manufactures or for any other enterprise whatever; and associations not only for carrying on manufactories, but also fisheries, the fur-trade, and other species of business, have actually been incorporated by some of the States.

A system of free banking has been introduced into the State of New York by authorizing associations for that purpose which

are not by law considered as corporations, and it is hoped that the system will become general and operate a conversion of all the chartered banks into free and not incorporated associations. Would it be just that they should be subject to the bankrupt law whilst the chartered banks remain exempted from its operation?

It may perhaps be alleged that, inasmuch as the States have respectively passed laws providing for the manner in which the property of the incorporated banks may be sequestered, placed in the hands of trustees or receivers, and be distributed amongst the creditors, the United States have no right to interfere and to provide other means for the same purpose. But it has been generally admitted, and the doctrine is sound and rational, that so long as Congress does not exercise a discretionary power, given to it by the Constitution, the laws of the States on such subjects are legitimate and obligatory; but that they are superseded by the laws of Congress whenever that body thinks it proper to exercise such discretionary power. This has happened very lately in the provisions respecting pilots: the sanction of Congress has been given to the quarantine laws of the several States: it has been adjudged that they had the right to naturalize aliens, until Congress had passed a general law on that subject, and that from that time the right ceased.

Some difficulties may be suggested respecting the practicability of applying the provisions of a bankrupt law to corporations; but it is believed that they may be easily surmounted.

There are some acts, considered by the English laws as acts of bankruptcy, which could not be done by a corporation. The only consequence would be that, since the act could not be done, the law in that respect could not be applied to the incorporated banks. But Congress is not at all bound by the special provisions of the English bankrupt laws. It is generally authorized to pass laws on the subject of bankruptcies, and it may therefore define what shall be considered as acts of bankruptcy, and adapt the definition to the object in view. It has already been suggested that nothing more was wanted in reference to banks than to make it an act of bankruptcy for all those who issue paper money, to refuse for a certain length of time to redeem it in specie.

There are also some penalties which are inapplicable to corporations, and from which they would, of course, be exempted. But there is a point which deserves consideration. No bankrupt law would be passed in this age and in this country which would condemn a bankrupt to death. By parity of reasoning it may be insisted that the act of Congress which will not inflict the pain of death on the natural person ought not to kill, or, in other words, to dissolve, the artificial body. This may be granted: the power of dissolving may be left to the State which created. The essential object of a bankrupt law, with respect to the creditor, is to preserve from dilapidation the property in the possession of his debtor, and to make an equal division of it amongst all the creditors. This may be attained without putting to death the person or dissolving the corporate body.[1]

---

[1] The establishment of a mint in New York would have a tendency to sustain the currency. Foreign coins are generally exported in preference to those of the United States. A very considerable proportion of the foreign gold and silver coins which pass through the banks of the city of New York would be converted into American coins if it could be done without the expense, risk, delay, and inconvenience of sending them to Philadelphia. The practical injury is much greater than may be generally supposed. It must not be forgotten that New York is the principal place of importation, and still more so of the exportation, of the precious metals; and that it is also, as being the most exposed, that which it is most important to protect against the danger of a suspension of specie payments.

APPENDIX.

DOCUMENTS RESPECTING THE RESUMPTION OF SPECIE PAYMENTS IN THE YEAR 1838.

CIRCULAR.—*To the Principal Banks in the United States.*

NEW YORK, August 18, 1837.

SIR,—At a general meeting of the officers of the banks of the city of New York, held on the 15th of this month, the following resolution was unanimously adopted, viz.:

Resolved, That a committee be appointed to correspond with such banks in the several States as they may think proper, in order to ascertain at what time and place a convention of the principal banks should be held for the purpose of agreeing on the time when specie payments should be resumed, and on the measures necessary to effect that purpose.

Having been appointed a committee in conformity with that resolution, we beg leave to call your attention to the important subject to which it refers.

The suspension of specie payments was forced upon the banks immediately by a panic and by causes not under their control, remotely by the unfortunate coincidence of extraordinary events and incidents, the ultimate result of which was anticipated neither by government or by any part of the community.

But it is nevertheless undeniable that, by accepting their charters, the banks had contracted the obligation of redeeming their issues at all times and under any circumstances whatever; that they have not been able to perform that engagement; and that a depreciated paper, differing in value in different places, and subject to daily fluctuations in the same place, has thus been substituted for the currency, equivalent to gold or silver, which, and no other, they were authorized and had the exclusive right to issue.

Such a state of things cannot and ought not to be tolerated any longer than an absolute necessity requires it. We are very certain that you unite with us in the opinion that it is the paramount and most sacred duty of the

banks to exert every effort, to adopt every measure within their power which may promote and accelerate the desired result; and that they must be prepared to resume specie payments within the shortest possible notice whenever a favorable alteration shall occur in the rate of foreign exchanges.

We are quite aware of the difficulties which must be surmounted, and of the impropriety of any premature attempt. No banking system could indeed be tolerated which was not able to withstand the ordinary and unavoidable fluctuations of exchange. But the difference is great between continuing and resuming specie payments; and we do not believe that the banks in the United States can, without running the imminent danger of another speedy and fatal catastrophe, resume such payments before the foreign debt shall have been so far lessened or adjusted as to reduce the rate of exchanges to true specie par, and the risk of an immediate exportation of the precious metals shall have thus been removed.

The appearances in that respect have become more flattering; and it is not improbable that the expected change may take place shortly after the next crop of our principal article of exports shall begin to operate. Yet we are sensible that we must not rely on conjectures, and that the banks cannot designate the time when they may resume before the ability to sustain specie payments shall have been ascertained by the actual reduction in the rate of the exchanges.

But even when the apprehension of a foreign drain of specie shall have ceased, the great object in view cannot be effected without a concert of the banks in the several sections of the Union. Those of this city had the misfortune to be, with few exceptions, the first that were compelled to declare their inability to sustain, for the time, specie payments. It appears that it became absolutely necessary for the other banks to pursue the same course; and it would be likewise impracticable for those of any particular section to resume without a general co-operation of at least the principal banks of the greater part of the country. A mutual and free communication of their respective situations, prospects, and opinions seems to be a necessary preliminary step, to be followed by a convention at such time and place as may be agreed upon.

As relates to the banks of this city, we are of opinion that, provided the co-operation of the other banks is obtained, they may, and ought to, we should perhaps say that they must, resume specie payments before next spring, or, to be more precise, between the first of January and the middle of March, 1838.

Both the time and place of meeting in convention must of course be determined in conformity with the general wishes of the banks. In order to bring the subject in a definite shape before you, we merely suggest the latter end of October as the proper time and this city as the most eligible place for the proposed convention.

A sufficient time will have then elapsed to enable us to judge of the

measures which Congress may adopt in reference to the subject. Whatever may be its action on the currency, the duty of resuming remains the same, and must be performed by the banks. If anything indeed can produce an effect favorable to their views, it will be the knowledge of their being sincerely and earnestly engaged in effecting that purpose. An early indication of the determination of the banks will have a beneficial influence, by making them all aware of the necessity of adopting the requisite preliminary measures; and the information is also due to all the varied interests of the country.

We address this letter to no other bank in your city or State than those herein designated; and we pray you to collect and ascertain the opinions of the others, and to communicate the general result as early as practicable.

We have the honor to be, &c.,

ALBERT GALLATIN,
GEORGE NEWBOLD,
C. W. LAWRENCE,
Committee.

Extract from the Minutes of the Board of Delegates of the Banks of the City and Incorporated Districts of the County of Philadelphia.

At a special meeting of the delegates of all the banks in the city and the incorporated districts of the county of Philadelphia, held on Tuesday evening, August 29, 1837, the following preamble and resolutions were, on motion, unanimously adopted, viz.:

Whereas, A proposition has been submitted to this meeting, on behalf of the officers of the banks of the city of New York, for calling a convention of delegates from the principal banks in the United States, to be held in New York in the month of October next, for the purpose of adopting measures for the resumption of payments in specie by the banks; after mature reflection upon this proposal, and the reasons assigned for it, this meeting has not been able to adopt the views presented in the communication, and they deem it proper to state briefly and without reserve the reasons of their dissent.

The banks of Philadelphia fully concur with the banks of New York in their anxiety for a general resumption of specie payments with the least practicable delay, and they would cordially unite in the proposed convention if they thought it at all adapted to promote that object. But they believe that the general resumption of specie payments depends mainly, if not exclusively, on the action of Congress,—the body charged with the general power over commerce, and the exclusive power over the coinage, and without whose co-operation all attempts at a general system of payments in coin throughout this extensive country must be partial and temporary.

That body is on the point of assembling, being expressly convened to deliberate on this very subject.

Now, the banks of Philadelphia are of opinion that, at such a moment, a convention of the banks of the United States would be superfluous at least, if not injurious. It seems superfluous, because the banks can do nothing, and ought to promise nothing, until they know what the action of Congress will be. The communication from New York mentions a precise period when the banks of New York may, and ought to, and must, resume specie payments. With every respectful deference to the better judgment of the signers of the communication, the banks of Philadelphia are not prepared to make any pledges, nor to name any time for the resumption, because they think that the whole matter depends much more on Congress than on themselves. They do not wish to excite expectations which they may not be able to realize, and they believe that a premature effort might be followed by a relapse, which would be permanently fatal to the credit of our banking institutions. If, moreover, such a convention, composed of delegates from sections of the country of very unequal resources and in very different stages of preparation, should not agree upon any general system of action, these very discussions would weaken confidence in the convention; while, if they could agree, their union upon any course of measures might not recommend that course to public favor, because it would be considered as one specially favorable to the interests of banks themselves. It is thus that the convention might prove not merely useless, but injurious. The mere assemblage of a body more numerous probably than Congress itself, meeting at the same time, deliberating on the same subject, might easily be made to wear the appearance of an attempt to interfere with or to influence the movements of that body. The avowed object of the convention too—to fix a time for resuming specie payments independent of Congress—might have the effect of misleading both Congress and the country. If the resumption be practicable by the banks alone, Congress might consider itself under no obligation to interpose,—a very erroneous and dangerous conclusion. If the banks confidently name a day when they not only may but must resume, whatever be the action of Congress, or the state of the country, or the condition of the foreign exchanges, they promise what they may not be able to perform, and so lose rather than gain credit by the effort. A more prudent course, in the deliberate judgment of this meeting, would be for the banks of the United States to continue steadily their present preparations for resuming specie payments, to wait quietly the action of Congress without interference of any kind, and be ready to give an immediate and zealous co-operation in any measures which that body may adopt for the common benefit of the country. Under these impressions, they are constrained to adopt the following resolutions:

Resolved, That, in the opinion of the banks of Philadelphia, it is inexpedient at this time to appoint delegates to the proposed convention.

Resolved, That a copy of these resolutions, certified by the president and secretary of this meeting, be forwarded to the banks of New York, with an assurance that while the banks of Philadelphia reluctantly differ from those of New York as to the specific measure proposed, they do ample justice to the zeal and patriotism which have dictated it; that they are not the less anxious to accomplish the common object, and that if the proposed convention should suggest anything which promises to be useful to the country, the banks of Philadelphia will as cordially co-operate in executing it as if they had been fully represented in the convention.

Extract from the minutes.

W. MEREDITH, *President.*

J. B. TREVOR, *Secretary.*

CIRCULAR.—*To the Principal Banks of the United States.*

NEW YORK, October 20, 1837.

SIR,—At a general meeting of the officers of the banks of the city of New York, held on the 10th of this month, the committee appointed on the 15th of August last laid before the meeting the communications received from banks in the several States, in answer to the circular of the committee of the 18th of August last.

Whereupon it was unanimously "*Resolved*, That the banks in the several States be respectfully invited to appoint delegates to meet on the 27th day of November next, in the city of New York, for the purpose of conferring on the time when specie payments may be resumed with safety, and on the measures necessary to effect that purpose."

We pray you to communicate this letter to such other banks in your State as you may deem proper, and, leaving the number of delegates entirely to yourselves, we only beg leave to urge the importance of having every State represented.

We have the honor to be, respectfully, your most obedient servants,

ALBERT GALLATIN,
GEORGE NEWBOLD,
C. W. LAWRENCE,
Committee.

Extract from the Minutes of the Proceedings of the Bank Convention held at New York on the 27th November to the 2d December, 1837.

Present—Delegates of banks from the following States, viz.: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut,

New York, New Jersey, Pennsylvania, Delaware, District of Columbia, Virginia, North Carolina, South Carolina, Georgia, Ohio, Kentucky, and Indiana.

Thursday, November 30, 1837.

The convention met according to adjournment.

Mr. Van Ness, from the committee appointed to report upon the proper measures to be pursued "to effect a general resumption of specie payments," &c., reported the following resolutions, and requested that they should be considered a report in part:

1st. *Resolved*, That it be recommended to the banks of the several States to resume specie payments on the first day of July next, without precluding an earlier resumption on the part of such banks as may find it necessary or deem it proper.

2d. *Resolved*, That a committee of —— delegates be appointed, whose duty it shall be to correspond with the several banks, and to collect all the necessary information concerning their respective situations and the rate of foreign exchanges, and who shall be authorized, if they deem it necessary, to call, on giving thirty days' notice, another meeting of this convention, inviting the attendance of delegates from the banks of the States not represented at this meeting.

3d. *Resolved*, That (notwithstanding the foregoing resolutions) it will be the duty of each and every bank in the United States to resume specie payments at the earliest period when their own means and the state of the exchanges will enable them to do so with a proper regard to their own safety and the interests of the community.

On motion of Mr. Eyre, of Pennsylvania, the resolutions were laid on the table, to enable him to present a report and resolutions from a minority of the same committee.

Mr. Eyre then submitted the following report and resolutions:

The minority of the committee to whom the resolution of Mr. Howard, of Maryland, was referred, submit the following report and resolutions as expressing briefly their views upon the subject referred:

That they have proceeded in their deliberations upon the subject committed to them under a deep sense of its momentous importance in relation to the particular interests represented in this convention; still more to the general welfare, with unaffected respect to public expectation, and a thorough conviction that nothing can excuse the continuance of suspension after the necessity which demands it shall have ceased. It will not be denied that the banks are prompted by their own interest to a resumption at the earliest possible period, when it is known that since the month of May last they have been steadily contracting their business to an unprecedented amount and to the utmost limit short of general bankruptcy.

It will be conceded that the resumption, accompanied by a revival of

confidence, to be more and more firmly reinstated, is demanded by every consideration of the public welfare, and the banks, sustained as they have been in the face of penalties and forfeitures by a candid, just, and generous community, cannot fail to be alive to the duty of cultivating the favor and regarding most respectfully the opinion and general expectation of their fellow-citizens. Nor can it be overlooked that as their justification is, and has been from the beginning, *necessity* and self-preservation for the country as well as themselves, it will lose its force whenever the apprehended dangers are at an end.

It will be conceded that an efficient and maintained recurrence to specie payments requires a simultaneous action throughout the country, and it is admitted on all hands that your resolves will be only advisory, not compulsory.

In order to this, the restoration of domestic exchanges to their natural and regular condition and action is indispensable, and this must mainly depend upon the ability of the Southern and Western States; for resumption is not a measure of mere volition.

It cannot, therefore, but be a matter of much regret that in your deliberations you are not assisted by the counsels of delegates from the important points of Louisiana, Mississippi, Alabama, Tennessee, and some other States.

Yet the ability of these States and their willingness to concur and cooperate with you in every reasonable and judicious measure which you may recommend cannot be questioned, although the want of certain information leaves you at a loss to know with desirable precision at what period or to what amount their staples, on which their ability depends, will be brought into activity.

In regard to the question of resumption, the first thing which presents itself to our consideration is the *time* when it is to be attempted.

Shall it be now?

In the present condition of foreign and domestic exchanges it is believed that an *immediate* resumption of specie payments is utterly impracticable; none, even the most sanguine, have ever been heard to impugn or even to express doubt of the undeniable truth of this position. This measure will therefore be passed by.

Shall it then be at a future period, now to be fixed by this convention?

Against such a measure many objections exist in the minds of the minority of your committee, some of which will be stated.

No one can foretell with satisfactory probability when our domestic exchanges will be restored to order and regularity.

It must depend upon the value and quantity of the staple products of the Southern and Western States; and the same dependence attaches to our foreign exchanges.

Until our foreign debt shall have been reduced, the present high rate of exchange must necessarily continue; so long, too, the demand for specie

for the purposes of remittances must last, and, while it lasts, the opening of your vaults would be to impair your means and to drain the country of its specie to a ruinous extent. Again, to fix *now* a period of specie payments would be to count with dangerous confidence upon speculative opinions and contingencies.

Who can assure us that, at a day not so remote as to be for that reason inadmissible, our foreign debt will be sufficiently liquidated to bring down exchange and check the exportation of specie?

Who can say what is to be the quantity or prices of our staples of this year's crop in the foreign market?

There must be much allowance for the time necessary for getting them there, and for their sale also; much, too, as regards their value, to the vacillation of prices, and to the force of the foreign policy by which it has been attempted, and with too much success, to break them down.

Besides these considerations, we cannot but look with apprehension to the insufficiency of the domestic supply of breadstuffs.

That there will be a large importation is presumed, and to that extent your means will be impaired, the foreign debt kept stationary or possibly increased. Again, if the reliance upon contingencies should embolden you to fix a day, and in it you should be disappointed, you will have repeated the distress occasioned by severe curtailment, without accomplishing the object proposed, and with certain ruin to many. You will shake public confidence in your disposition or your ability to its foundation.

How and when can you hope to restore it?

Again, in the interval which would elapse until the arrival of the period you may fix upon, may it not happen that in some instances there will be an expansion of circulation, which will aggravate public calamity? Then, too, may not the measure now under consideration tempt to large importation of foreign goods by your own merchants? May it not encourage the foreign manufacturer to force his goods upon the country and glut the market? Either of these would necessarily keep you in a state of indebtedness proportionally, and to keep up the exchanges; nor is the ardent commercial spirit of enterprise round the Cape to China, &c., to be lost sight of.

Afford the specie, and it will be extended to a dangerous excess, for the temptation is great.

Again, if you fix an early day of resumption, you increase the hazard of disappointment. If you fix upon a distant day, may it not happen that you postpone resumption beyond the period when in justice you ought to have resumed?

Finally, are you prepared to dismiss the hope that Congress will aid in relieving the country?

Entertaining these views, briefly expressed, but which your intelligence will carry out, the minority of the committee cannot advise the determina-

tion at this time of the precise period when the resumption of specie payments may be effected. Natural causes are in operation which, by judicious action, you may assist; but you may retard their progress by rash and imprudent attempts to force them; and you will, moreover, be able to assure yourselves and the public that the resumption, so anxiously desired by all, will be accomplished as soon as it is practicable, and *then* certainly.

In accordance with what has been said, the minority of your committee offer the following resolutions:

Resolved, That this convention will appoint a committee of —— delegates, to whom shall be confided the important trust of diligently inquiring and deliberately judging when the condition and circumstances of the country shall have been such as to justify an early resumption of specie payments by the banks at a fixed period.

2d. That when the said committee shall, in the exercise of sound discretion, be satisfied that such period has arrived, it shall be their duty to make it known to the presiding officer of this convention, and that it shall be his duty thereupon to summon a meeting of this convention, with due notice to its members, at ————, to the end that the measure of resumption may be promptly adopted.

Saturday, December 2, 1837.

The convention met according to adjournment, when the following resolutions were adopted:

1st. *Resolved*, That the convention entertains a deep anxiety and a firm determination to accomplish the resumption of specie payments at the earliest period when it may be permanently practicable.

2d. *Resolved*, That in the opinion of this convention the present circumstances of the country are not such as to make it expedient or prudent now to fix a day for the resumption of specie payments.

3d. *Resolved*, That when the convention terminates its present session, it shall be adjourned to meet in the city of New York on the second Wednesday of April next, for the purpose of considering and, if practicable, determining upon the day when specie payments may be resumed.

4th. *Resolved*, That this convention strongly recommends to all the banks in the United States to continue by proper measures to prepare themselves for a return to specie payments within the shortest practicable period after the next meeting of the convention.

5th. *Resolved*, That the banks in those States not now represented be earnestly requested to send delegates to the adjourned meeting of this convention, and that the several delegates from all the States be desired to procure all such information in regard to the condition of the banks in their respective States as may be attainable.

At a meeting of the officers of the banks of the city of New York, held on the 15th December, 1837,

The delegates appointed to represent the said banks in the convention of the banks of the several States which met at New York on the 27th of November last, and on the following days to the 1st of this month, made the following report. Whereupon it was

Resolved, That the said report be accepted and published.

PETER STAGG, *Chairman.*

W. M. VERMILYE, *Secretary.*

REPORT.

The delegates appointed to represent the banks of the city of New York in the general bank convention held in the said city on the 27th of November, 1837, respectfully submit, together with a copy of the proceedings of the convention, the following report, explanatory of their votes in that body:

The banks of the several States have been vested with the power and, in most of the States, especially in that of New York, with the exclusive privilege of issuing a paper currency, on the express condition that they should at all times, and whenever the demand was made, redeem it in gold or silver, the only constitutional legal tender or currency with which debts may be discharged. Nothing, therefore, but the inability to perform the condition can justify a suspension of specie payments on the part of the banks.

The immediate causes which thus compelled the banks of the city of New York to suspend specie payments on the 10th of May last are well known. The simultaneous withdrawing of the large public deposits and of excessive foreign credits, combined with the great and unexpected fall in the price of the principal article of our exports, with an import of corn and breadstuffs such as had never before occurred, and with the consequent inability of the country, particularly of the South-Western States, to make the usual and expected remittances, did at one and the same time fall principally and necessarily on the greatest commercial emporium of the Union. After a long and most arduous struggle, during which the banks, though not altogether unsuccessfully resisting the imperative foreign demand for the precious metals, were gradually deprived of a great portion of their specie, some unfortunate incidents of a local nature, operating in concert with other previous exciting causes, produced distrust and panic, and finally one of those general runs which, if continued, no banks that issue paper money payable on demand can ever resist; and which soon put it out of the power of those of this city to sustain specie payments. The example was followed by the banks throughout the whole country with as much rapidity as the news of the suspension in New York reached them, without waiting for an actual run, and principally, if not

exclusively, on the alleged grounds of the effects to be apprehended from that suspension. Thus, whilst the New York City banks were almost drained of their specie, those in other places preserved the amount which they held before the final catastrophe.

If the share of blame which may justly be imputed to the banks be analyzed, it will be found to consist in their not having at an early period duly appreciated the magnitude of the impending danger and taken in time the measures necessary to guard against it; in their want of firmness when the danger was more apparent and alarming; in yielding to the demands for increased or continued bank facilities, instead of resolutely curtailing their loans and lessening their liabilities. Whether the most acute foresight and the most powerful exertions could have enabled the banks to have averted the blow, is a question which we are not called upon to discuss.

Whatever explanations may be given concerning the past, since nothing but actual inability can be alleged as an excuse for having ceased to perform the express condition on which the privilege to issue a paper currency had been granted, it is equally obvious that nothing can justify a protracted suspension but the continued inability to resume and sustain specie payments. This principle is indeed so evident that, as an abstract proposition, its correctness is universally admitted; and all agree in expressing their "thorough conviction that nothing can excuse the continuance of suspension after the necessity which demands it shall have ceased." But, in enumerating the objections to an early resumption or to fixing a day for it, the discussion was not confined to arguments derived from a supposed continued inability on the part of the banks to resume; but an appeal was also made to considerations of presumed expediency connected with the general situation of the country, and on which the simple fact of the ability of the banks to resume and sustain specie payments does not depend.

It is but too well known that a general suspension of specie payments by the banks is not confined to them alone, but extends instantaneously to the whole community. As they had substituted their paper for the metallic currency, and as even the portion of specie which still circulated disappears at once when the general bank suspension takes place, the depreciated bank paper currency alone remains, both as the only medium of payment and, by a necessary consequence, as the practical standard of value. Thus, by a strange anomaly, whilst the courts of law can consider nothing but gold or silver as the legal payment of debts, every individual, without exception, who is not compelled by process of law, or who does not resort to the tribunals for redress, pays all his debts with and receives nothing in payment but an irredeemable, depreciated currency. A general usage openly at war with law usurps its place; and the few cases where the laws are enforced are only exceptions to the universal practice. Instead of the permanent and uniform standard of value provided by the

Constitution, and by which all contracts were intended to be regulated, we have at once fifty different and fluctuating standards, agreeing only in one respect,—that of impairing the sanctity of contracts. Even restrictive and penal laws are openly and daily violated with impunity by everybody in circulating notes forbidden by law. It is impossible that such a state of things should not gradually demoralize the whole community; that a general relaxation in the punctual and honorable fulfilment of obligations and contracts should not take place; that that which operates as a general relief law should not be attended with the same baneful effects which have always attended positive laws of the same character; and that, if the present illegal system be much longer continued, the commercial credit and prosperity of the country, and more particularly of this city, should not be deeply and permanently injured.

When we see such extensive, general, and we may say intolerable evil flowing from a general suspension of specie payments by the banks, it is monstrous to suppose that, if they are able to resume and sustain such payments, they should have any discretionary right to decide, or even to discuss, the question whether a more or less protracted suspension is consistent with their own views of "the condition and circumstances of the country." There would be no limit to such supposed discretion. Thus, for instance, should the hope of a favorable action of Congress on the currency be still alleged as a motive for delay, would not this be tantamount to protracted suspension for an indefinite period of time?

The banks are bound by the strongest legal and moral obligations to resume specie payments whenever they are able to maintain such payments. It is the paramount duty to which every other consideration must yield. Their ability to perform that duty is the only question which they have a right to discuss, and which they are bound to examine with the utmost care and candor.

Strictly speaking, the power to issue paper money should cease whenever the express condition on which the privilege was granted cannot be performed. It is only through the indulgence of the Legislature and of the community that the banks are still permitted for a while to continue their issues. If there be, indeed, any considerations affecting the general welfare which can render the continuance of an irredeemable currency desirable after the time when the banks are or shall think themselves able to resume specie payments, the application for a further protraction must come from the parties interested, and not from the banks; and it must be made not to the banks, but to the Legislature.

It was urged that some respectable merchants here and in other places were opposed to an early resumption. During the late trying crisis some of the most respectable and solvent members of the commercial community might have been under the necessity of requiring some indulgence, at least in point of time. But there is not one of those honorable men who would not think himself disgraced and degraded if, after having obtained the

requisite time, he delayed the fulfilment of his engagements a single day after he had become able to do so. That which they require from the banks is, therefore, unjust and unreasonable; for they ask them to do that from which, in their own case, they would shrink, and which, if done by any one in his individual capacity, they would consider as disgraceful and dishonorable.

It was indeed insisted that some of the general considerations to which we have alluded made it dangerous for the banks to attempt to resume specie payments. We will advert to all the objections truly of that character, but deem it unnecessary to take further notice of that founded on an expected action of Congress, or to dwell on those clearly arising from local or particular interests, such as the want of extended bank accommodations and the supposed facilities afforded by a protracted suspension for the collection of debts. Yet we must not be understood as admitting that such protraction would, in any respect, be advantageous to the community at large; believing, on the contrary, as we do, that its general and permanent interests would be sacrificed to temporary ease and particular classes should the suspension be continued any longer than absolute necessity requires.

Amongst the considerations deemed by us to be irrelevant to the true and only question before the banks, that most strongly urged was the alleged necessity of a previous "restoration of domestic exchanges to their natural and regular condition and order." This is confounding cause and effect. The obligation to pay specie is the check which regulates the exchanges and prevents them from rising much above the specie par. The suspension of specie payments and the consequent great difference in value, as compared with specie, of the several local bank currencies are the cause of the great corresponding inequalities of the domestic exchanges so justly complained of; and the evil cannot otherwise be overcome than by a general resumption of specie payments. If A, in Philadelphia, is obliged to lose ten per cent. in order to draw his funds from Nashville, it is because (whether owing to excess in circulation or to great indebtedness is immaterial) the Tennessee bank currency is worth ten per cent. less than that of Philadelphia. If specie payments were resumed in both places, he would lose, at most, two or three per cent. on the exchange. But A is now permitted by general usage to pay his debts at home in Philadelphia bank paper, worth six per cent. less than specie. He apprehends that if the Philadelphia banks should resume specie payments before those of Tennessee, being obliged to pay his own debts in paper equal to specie, he would lose 16 instead of 10 per cent. on the Tennessee exchange. The argument derived from the present condition of domestic exchanges resolves itself, therefore, into one of expediency. It is founded on the inadmissible supposition that in order to accommodate special interests and to benefit certain classes the banks, though from their situation and resources able to resume specie payments, have a right to protract

the suspension, to postpone the payment of their own debts, and to delay the performance of the paramount duty they owe to the community at large of restoring a currency equal to gold or silver.

The only question on which the convention was called upon to deliberate being the ability of the banks to resume and sustain specie payments, it appeared to the delegates of both the city and country banks of New York that an early day might at this time be designated for that purpose.

In their first circular of the 18th of August, the committee of correspondence of the city banks had pointed out such a favorable alteration in the rate of foreign exchanges as would remove the danger of an immediate exportation of the precious metals, and a concert on the part of the principal banks of the country, as the only requisites for resuming with safety.

In reference to the first point, several estimates of the amount of foreign debt still due, neither provided for nor postponed, and which probably would be demanded and must be paid before the first of July next, were alluded to in the course of the discussion. Those estimates varied from five to twenty millions of dollars. The lowest calculation appeared to rest on correct data; but, if somewhat too low, the difference might be readily provided for by the first proceeds of the cotton crop and by the sale of State stocks. But it was not at all necessary to resort to calculations of the amount of our foreign debt. Its effect on foreign exchanges and on a consequent drain of specie for exportation is the only point in which the banks are concerned, and which could affect the question under consideration.

At the very time when the convention was deliberating, the exchange on London, which had been as high as 121, had fallen to 114 nominal, and, the true par being a fraction above 109½ nominal, the exchange was in fact but four per cent. above par in city bank paper. But that paper was itself at five per cent. below specie, and the rate of exchange was, therefore, one per cent. below specie par. In other words, any given quantity of New York bank-notes could purchase bills on London exceeding by one per cent. the corresponding amount in specie which the same quantity of bank-notes could purchase. Ninety-nine gold sovereigns cost as much as a bill on London of one hundred pounds sterling. Under such circumstances specie could not be exported without a loss, and accordingly the exportation had altogether ceased. It is well known that within a week after the adjournment of the convention a further fall had reduced the rate of exchange to 111½ nominal; that is to say, to 2½ per cent. below the true specie par, and within less than 2 per cent. of being at par with New York bank-notes. But, reverting to the time when the convention was sitting, the requisite alteration was no longer a matter of conjecture, and the fact that the exchange had fallen below the true specie par, and that the exportation of specie had ceased, had actually taken place.

Apprehensions were nevertheless expressed of the effect which large importations of grain and merchandise might hereafter have on the foreign exchanges, and of an expected drain of specie for the China trade. It appeared to us that if, after the principal acknowledged cause of the suspension, and which presented the greatest obstacle to the resumption, had actually ceased to operate, we were permitted to allege conjectures and contingencies as a proper ground for protracting the suspension, there was no time at which some plausible reasons of a similar character might not be adduced and the resumption be indefinitely postponed.

With respect to the danger of excessive importations, it might indeed be apprehended that, whenever the pressure of the foreign debt was removed, the commercial community might, with its characteristic energetic spirit of enterprise, resume its business too soon and on too large a scale. And it is on that account highly important that the banks should seize eagerly that eventful moment, and, as it may be called, the turn of the tide, for an immediate resumption, before new undertakings may raise new obstacles to the accomplishment of that object.

The danger of unfavorable exchanges and of an extraordinary exportation of specie being now out of question, what other causes could impair the ability of the banks generally, or in some sections of the country, to resume specie payments within a very short period?

The four great South-Western States were not represented in the convention, and it will be admitted that some of them may not be ready as early as the other parts of the Union. It is on that point sufficient to observe,—1st. That, being largely debtors, their not resuming immediately cannot in any way affect the stability of specie payments by the other States. 2d. That the resumption by other States will not in the slightest degree impair the productive industry of those districts whose great natural resources will, notwithstanding the peculiar situation of their banks, early and powerfully promote the payment of debts and the renewal of sound business.

By no other portion of the country was it intimated that there were any banks whose particular situation required a longer time than might be wanted by those of New York, unless this should have been implied in some allusions to the respective indebtedness to each other of the several cities or districts. In such cases justice requires, and it may be done in a very short time, that the necessary curtailments should be made in the debtor places, and the resources thus obtained should be applied to the discharge of such debts, and, when necessary, to the purchase of specie. This is, in fact, the course pointed out by the resolution unanimously adopted by the convention: "That this convention strongly recommends to all the banks of the United States to continue by proper measures to prepare themselves to return to specie payments within the shortest practicable period after the next meeting of the convention."

We have every reason to believe that the banks represented in the con-

vention were in a sound state, and in every respect as well prepared and able to resume specie payments as those of the city of New York. It would indeed be strange that it should be otherwise. New York suffered incomparably more than any other city; the failures were far more numerous; its banks were subject more than any others to the causes which produced the suspension, and alone to a run of domestic origin, alone drained of the greater part of their specie, whilst banks in other places preserved the greater part of theirs.

The only reason which remains to be examined is the apprehension that confidence may not have been sufficiently restored to insure a permanent resumption. The causes which occasioned the distrust, the panic, and the run on some of the banks have ceased to operate. Such coincidence of extraordinary events and unfortunate incidents as produced the catastrophe must be rare, and may never again occur. It must be conceded that it is impossible that confidence should be restored until the banks shall have resumed specie payments, or designated an early day for that purpose. Combined with the conviction of the ability of the banks to resume, and with the fact that their paper shall have become equal, or nearly equal, in value to specie, nothing is wanted for restoring entire confidence but the simultaneous resumption by the principal banks acting in concert.

Although the convention could not be prevailed upon either to fix at this time a day on which to resume, or to meet again on an earlier day than the 11th of April; although it is peculiarly to be regretted that, from incidental considerations, it should not have yielded to our request to meet in the first days of March; yet the conference has been attended with considerable advantages. There has been a free and mutual interchange of opinions. The serious attention of all the banks has been drawn to the absolute necessity of an early resumption, and the suggestion of a postponement for an indefinite time, if ever seriously entertained, has been abandoned. We may now rely with confidence on a great unanimity from the Eastern, Southern, and North-Western sections of the Union in fixing at our next meeting the earliest practicable day for the resumption of specie payments. It is true that the banks of Philadelphia and Baltimore appeared to contemplate a more remote time than we did, not certainly because of being less able or prepared than ourselves or others, but on general grounds. It now appears from official returns that the banks of Pennsylvania are in every respect better prepared than those of the city of New York. And it has been announced by the highest authority in that State, that "the banks of Pennsylvania are in a much sounder state than before the suspension, and that the resumption of specie payments, so far as it depends on their situation and resources, may take place at any time." The great fall at this early day in the rate of foreign exchanges, which has exceeded our most sanguine expectations, had not been anticipated by them. A fact so

important, and which gives a new aspect to the whole subject, cannot fail to have a powerful influence on their decision. We entertain sanguine hopes that this and the course of events will remove their objections, and induce them to unite and act in concert with us. We are under the firm conviction that the result depends on their determination, and that, if they agree to it, the resumption may with facility be effected at an early day. Should they persevere in the opinion that an early resumption is inexpedient and dangerous, it may, considering the magnitude of their capital, prove difficult for the other banks, and particularly for those of this city, with their resources alone, to maintain permanently specie payments.

In the mean while, the line of our duty is obvious; and we have only to continue, by every measure in our power, to strengthen ourselves, and to be prepared, at the earliest possible day, to fulfil our engagements and to resume and maintain specie payments. To the early completion of the measures now in train for that purpose we respectfully but most earnestly call the immediate attention of the city banks as an indispensable requisite before a day can be fixed for resumption. The country banks, with most laudable exertions, have taken all the necessary steps, and are prepared to resume at any time.

ALBERT GALLATIN,
GEO. NEWBOLD,
C. W. LAWRENCE,
CORNS. HEYER,
JOHN J. PALMER,
PRESERVED FISH,
G. A. WORTH.

December 15, 1837.

At a meeting of the officers of the banks of the city of New York, held on the 28th of February, 1838, the committee on the "resumption of specie payments" submitted the following report, in part, viz.:

In contemplation of the resumption of specie payments by the banks of the city of New York on or before the tenth day of May next, and under the uncertain condition of a simultaneous or early resumption by the banks of some of the other great commercial cities, it is incumbent on those of New York to adopt all the measures, within the limits of their resources, which may enable them not only to resume but also to maintain specie payments.

Much has already been done in that respect, the result as well of causes not under the control of the banks, as of positive action on their part.

1. It appears by the annual returns of the bank commissioners that, exclusively of the Dry Dock Bank, which is not included in the return of

this year, the gross amount of all the liabilities of the city banks, payable on demand, deducting therefrom the notes and checks of other banks held by them, and the balances due to them by other banks, amounted,

On the 1st of January,	1836, to	. . . .	$26,918,105
" "	1837, to	. . . .	25,485,287
" "	1838, to	. . . .	12,920,694

making a diminution in the liabilities of more than twelve millions and a half during the year 1837.

2. The detailed statement for the 1st of January, 1838, rendered by the several city banks to their standing committee, shows a balance to their credit of more than four millions, due to them by banks out of the State, and of more than two millions in account with all the banks out of the city. Ample means, as also appears by those statements, have been provided by the country banks of the State for the redemption of their notes which circulate in the city.

On a view of the whole subject, we may confidently say that the relative strength of the banks is, and at the time of the resumption will be, greater than it was during the last two years, and probably at any former time.

The fall in the rate of foreign exchanges, now considerably below par in our city paper, renders it absolutely certain that no exportation of specie can take place, and more than probable that a considerable influx may be expected. This fact, now indisputable, must have an effect on public opinion, and ought to remove the apprehensions of those who may have believed our efforts for an early resumption premature. Secure as all the banks in the United States are against foreign demands, we are justified in expecting their co-operation. If this is obtained, we do not perceive any obstacle to an early, easy, and safe resumption of specie payments.

A continued suspension on the part of some of the other great commercial cities can alone render the resumption on our part difficult, and may prevent a free application of the legitimate banking resources of New York. Yet such is the favorable relative state of the balances between this and the other parts of the Union, that, for the present at least, but little need be apprehended from the effect of natural causes. Of deliberate acts of hostility, as there could be no motive for such, there should be no apprehension on our part. We trust that, supported by the community of the city and by this State, the banks will be able to surmount all obstacles, and, on or before the tenth of May, to resume and maintain specie payments.

The preparatory measures on their part appear to be, 1st, a reduction of their liabilities out of the State and drawing in their foreign funds; 2d, an equalization of the balances due to and from each other, and a mutual return of their notes, which may enable all to resume on an equal footing

and with equal safety; 3d, a sufficient increase of their specie. On these points the committee will submit a separate report.

Signed ALBERT GALLATIN,
PETER STAGG,
GEO. NEWBOLD,
CORNS. HEYER,
JOHN J. PALMER,
C. W. LAWRENCE,
F. W. EDMONDS.

Whereupon the report was unanimously adopted by the meeting.
On motion, *Resolved*, That the same be published.

Signed, BENJ. M. BROWN, *Chairman.*
W. M. VERMILYE, *Secretary.*

Extracts from the Minutes of the Proceedings of the Adjourned Meeting of the Bank Convention held at New York on the 11th to the 16th April, 1838.

Present—Delegates of banks from the following States, viz.: Maine, Vermont, New Hampshire,[1] Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Delaware, Maryland,[1] District of Columbia, Virginia, North Carolina, Indiana, Illinois, Missouri, Mississippi, and from Pittsburgh (Pennsylvania).[2]

The following letter, among others, was placed upon the minutes of the convention:

PHILADELPHIA, April 4, 1838.

SIR,—At a meeting held this day of committees from all the banks of the city and liberties of Philadelphia, a notice was received from you of the adjourned meeting of the convention of banks, to be held at New York on the 11th of this month. The banks of Philadelphia having declined to send delegates to that adjourned meeting, I have been instructed to apprise you of their determination, and, as a just mark of respect to the convention as well as to yourself personally, to state the reasons of their absence. This duty I hasten to perform.

On the 19th of August, 1837, an invitation was given to the banks of Philadelphia, in behalf of the banks of the city of New York, to meet in convention at the city of New York, "for the purpose of agreeing on the time when specie payments should be resumed, and on the measures to effect that purpose." The reason assigned for the invitation was that "it would

---

[1] The delegates from Maryland and New Hampshire withdrew.

[2] And those from Pittsburgh declined voting on the final question.

be impracticable for those of any particular section to resume without a general explanation of at least the principal banks of the great ports of the country; a mutual and free communication of their respective situations, prospects, and opinions seems to be a necessary preliminary step." To this the banks of Philadelphia answered on the 29th of August, stating their belief that "the general resumption of specie payments depends mainly, if not exclusively, on the action of Congress, the body charged with the general power over commerce, and the exclusive power over the coinage; and without whose co-operation all attempts at a general system of payments in coin throughout this extensive country must be partial and temporary;" and they concluded with a declaration "that it is inexpedient at this time to appoint delegates to the proposed convention."

At a subsequent period, on the 21st of October, 1837, a second invitation was received from the banks of the city of New York for a similar meeting on the 27th of November. Although entertaining precisely the same opinions as to the inexpediency of any resumption without previously understanding the intentions of the government, the banks of Philadelphia are yet unwilling to do anything which might seem to be discourteous to the banks of the city of New York, and accordingly sent delegates to the convention. After remaining in session for a week, that body was unable to name any day for the resumption, but adjourned to meet again the 11th of April, "for the purpose of considering and, if practicable, determining upon the day when specie payments may be resumed;" at the same time resolving "that the banks in those States not now represented be earnestly requested to send delegates to the adjourned meeting of this convention; and that the several delegates from all the States be desired to procure all such information in regard to the condition of the banks in their respective States as may be attainable."

On the 26th of January a delegation from the banks of the city of New New York visited Philadelphia, and while there addressed a letter to the Philadelphia banks, stating that they were desirous of ascertaining "if the Philadelphia banks will agree with them to name a day, not later than the period mentioned (May), when they will simultaneously adopt the same measure."

To this the Philadelphia banks answered, on the 31st of January, stating that "it is undoubtedly true that any resumption to be easy must be simultaneous, and to be effectual must be general. Nor is it less true that a partial resumption by any party to the convention must derange the relations of the whole to each other, and disturb the preparations which all are making to produce an uniform result at the period fixed by the convention. The banks of Philadelphia, therefore, consider it scarcely just or respectful to the banks of other States, whose co-operation was in the first instance invited, to take any steps in opposition to what was settled by the convention without full concert with the other members of that body, who separated under conviction that no action would take place on a matter so

important to their interest, until they were reassembled;" and added, "on a careful consideration of all these circumstances the banks of Philadelphia think it premature to name any day for the resumption of specie payments until the adjourned meeting of the convention."

Soon after the return of that delegation the banks of the city of New York published, on the 28th of February, a declaration that, "in contemplation of the resumption of specie payments by the banks of the city of New York on or before the tenth of May next, and under the uncertain contingency of a simultaneous or early resumption by the banks of some of the other great commercial cities, it is incumbent on those of New York to adopt all the measures within the limits of their resources which may enable them not only to resume but also maintain specie payments." And immediately a general meeting of the citizens of New York adopted the following resolution: "That this meeting hails with great satisfaction the declarations on the part of the New York city banks of their purpose to resume specie payments on or before the 10th of May next."

From this review it is manifest that the convention contemplated was one embracing delegates from every part of the Union, meeting in good faith to confer on subjects of equal interest to them all, exchanging opinions frankly, giving information as to the conditions of the respective sections they represented, so as to fix some scheme of action which might unite all interests and combine all efforts. That was the design of the original meeting of the convention; that ought to be the object of the adjourned meeting. It was, therefore, seen with equal surprise and regret that the banks of New York announced their determination to resume on a day named. This was done without waiting for the meeting of the delegates which they had themselves invited to New York. It was done in obvious opposition to the spirit of consultation and inquiry, which were presumed to be the whole purpose of the convention. It was done in disregard of the friendly but decided opinion of the Philadelphia banks that it would be neither just nor courteous to act until the convention were reassembled. Of the propriety of this determination by the banks of the city of New York the banks of Philadelphia do not presume to offer an opinion. But it is manifest that this decision gives an entirely new character to the convention. The party who convoke the assembly to confer with the other banks on the several interests of all has, without waiting for their arrival, decided the question exclusively in reference to his own peculiar interests. It meets them to discuss what is already settled; and the only point which remains will be, not whether the banks of New York and the banks of all the other States should resume specie payments, but simply whether, the banks of the city of New York having decided to resume specie payments on a day named, the banks of the other States must do the same. In that question the banks of Philadelphia desire to take no part. They do not wish to give any advice in regard to the course which the banks of the city of New York have resolved to pursue; they do not wish to receive any from those

banks touching their own course. Accordingly, they deem it better to abstain altogether from a meeting in which their delegates can no longer find an appropriate place.

I need scarcely add that this determination implies not the slightest want of respect to the convention or to its highly respectable presiding officer, but is founded exclusively on considerations of duty to themselves and to the general interests of the country.

I have the honor to be, very respectfully,

Signed W. MEREDITH, *Chairman.*

SAMUEL HUBBARD, ESQ.,
President of the Convention.

Attest, J. B. TREVOR, *Secretary.*

At a meeting of the association of the delegates of the banks of the city of Philadelphia and districts, held on the 4th day of April, 1838, the following resolutions were adopted:

Resolved, That it is inexpedient to send delegates to the adjourned meeting at New York, of the bank convention, on the 11th of this month.

Resolved, That the following letter be transmitted by the chairman of this meeting to the president of that convention, to explain the reasons of the absence of the delegates from Philadelphia.

Extract from the minutes.

J. B. TREVOR, *Secretary.*

On motion of Mr. Brockenbrough, of Virginia, it was

Resolved, That the correspondence furnished to the convention by Mr. Newbold, of New York, with the Secretary of the Treasury, be placed upon the minutes of the proceedings of this convention.

(COPY.)

[PRIVATE.] BANK OF AMERICA, April 7, 1838.

DEAR SIR,—So much is said in the public press and daily repeated elsewhere of the hostile disposition of the government towards the banks, and of the measures in contemplation by the Treasury Department calculated, it is said, to injure and embarrass the banks, and to retard, if not prevent, their resumption of specie payments, that I am induced to address you on the subject. Not, however, that anything is necessary to satisfy me that those assertions and assumptions are wholly unfounded, but that you may, if you shall deem it expedient and proper, take measures to correct the misrepresentations and remove the fears and apprehensions that they may have excited in the community, and especially in the minds of many honest and honorable men.

It is loudly and confidently asserted, and widely and industriously circu-

lated, that the measures that will be pursued by the Treasury in the collection and disbursements of the public money will render it difficult for the banks to resume and maintain specie payments. Fears and apprehensions are thus excited, confidence impaired, and the best efforts of the banks are in some degree paralyzed. Designing men avail of this state of things to promote and effect their special purposes, and industry and talent are not wanting to make their efforts essentially mischievous. Permit me, therefore, to ask whether there is no way by which the mischief may be abated and successfully counteracted. Of this you will best judge and determine yourself. My present object is more immediately in reference to the approaching convention of bank delegates to be held in this city on the 11th inst.; and, being satisfied that efforts will there be made to impress the belief that the fears and apprehensions alluded to are well founded, and that it would therefore be unsafe and inexpedient for the banks to fix a day for the resumption of specie payments, I consider it to be of the utmost importance that such efforts should be effectively met and that all unfounded suspicions and suggestions should be removed or successfully confronted. I beg, therefore, respectfully to suggest for your consideration whether you will not be pleased to enable and authorize me to communicate to the convention, if it shall be necessary, your views and wishes on the subject of the resumption of specie payments, and the course, or probable course, of the Treasury in reference to the banks after they shall have resumed. It is an important crisis for this city and this State,—indeed, for the whole Union; and, being anxious to do everything in my power to promote and accomplish the right result,—a general resumption of specie payments,—I am sure that you will excuse me for these suggestions, be your conclusions respecting them what they may.

I am, with great respect, dear sir, your obedient servant,

Signed GEORGE NEWBOLD.

Hon. Levi Woodbury, *Secretary Treasury U. S.*,
Washington.

Treasury Department, 9th April, 1838.

Sir,—I have to acknowledge the receipt of your letter of the 7th inst. In order that you may fully understand the views and wishes entertained by this Department on the subject of a resumption of specie payments by the banks, and the course to be pursued by the Treasury towards them, I herewith enclose copies of two private letters written some weeks since in answer to inquiries similar to yours.

It is only necessary to add that the same views are still cherished, and that the notes of specie-paying banks at par where offered are now received for duties, and will undoubtedly continue to be. They are and will be paid out when acceptable to the public creditors, and no accumulation of them

beyond our current expenditures is anticipated at any point whatever during the present or ensuing year.

I am, sir, very respectfully, your obedient servant,

Signed LEVI WOODBURY.

GEORGE NEWBOLD, ESQ., *President of the Bank of America.*

WASHINGTON, 18th March, 1838.

DEAR SIR,—In reply to yours of the 14th inst., I hasten to remark that the Treasury Department has long been anxious as yourself and many others for the resumption of specie payments by the banks. All has been and will be done by it which comes within its limited powers, to promote, at the earliest day possible. so desirable an event.

I do not hesitate to say fully and frankly that the impression is altogether erroneous that specie is to be purchased and hoarded by the government. Only a few thousand dollars of it have yet been raised on Treasury notes, and none is intended to be hereafter, except to the extent needed to supply the current demands of the government. Whatever may be thus obtained or received for public dues of any kind will be forthwith paid out again to defray the appropriations; and the settled policy of the Department has been and will be to keep nothing idle in the Treasury while the power exists to issue Treasury notes to meet contingencies and deficiencies as they may hereafter occur.

Respectfully yours,

Signed LEVI WOODBURY.

NATHAN APPLETON, ESQ.,

Boston, Mass.

WASHINGTON, March 18, 1838.

DEAR SIR,—In reply to yours of the 16th inst., I hasten to remove any erroneous inferences from the rumor mentioned.

The settled policy of the Department, and one which it makes known to all inquirers, is to promote the resumption of specie payments by the banks, so far as its limited powers may permit.

Consequently it has not and will not hereafter purchase specie beyond what may be needed for immediate disbursements; and in that way will neither hoard it nor compete with others for its possession.

All we receive in any way will immediately be paid out again to defray appropriations.

I make these statements explicitly and promptly, and have forwarded similar ones to Boston, in order that no injurious apprehensions need be entertained as to the financial operations of the government.

Respectfully yours,

LEVI WOODBURY.

J. D. BEERS, ESQ.,

New York City.

Friday, April 13, 1838.

Mr. Ware, of Maine, from the committee of one for each State, made the following report:

That said committee have adopted the following resolutions, which they recommend to the convention for consideration and adoption, viz.:

Resolved, That it be recommended to all the banks of the several States to resume specie payments on the first Monday in October next, without precluding an earlier resumption on the part of such banks as may find it necessary or deem it proper.

Resolved, That it is important to the success of the effort to return to specie payments and to restore the currency to a sound condition that the banks should be sustained by the general government.

Monday, April 16, 1838.

The convention proceeded to the consideration of the report and resolutions, when Mr. Brockenbrough, of Virginia, moved to amend the same by striking out all after the word "Report" and insert in lieu thereof the following:

Whereas, It is found necessary, in order to simultaneous action by the banks in the resumption of specie payments, so to proceed in designating a period for that purpose as to secure the nearest approach to unanimity; and whereas, whilst, in the judgment of this convention, the return to specie payments and preservation of the currency in a sound condition will depend essentially on the course of the general government, yet this convention regards it as the duty of the banks to make the effort in good faith, exclusive of any direct reference to the prospective measures of the government. At the same time, the convention has been happy to observe in recent letters of the Secretary of the Treasury specific assurances of an intention to sustain the banks, so far as it may be done through the fiscal operations of that department of the government.[1]

Resolved, That it be recommended to all the banks of the several States to resume specie payments on the first day of January next, without precluding an earlier resumption on the part of such banks as may find it necessary or deem it proper.

Which preamble and resolution were adopted by the convention.

[The banks of New York, finding that a majority of the convention was against a general resumption so early as May, had only requested that at least the day recommended should be the 1st of July. This was refused; they resumed alone on the 10th of May; and, although the convention had thought it unsafe to recommend an earlier day than the 1st of January, 1839, public opinion compelled almost all the banks to resume in July.]

---

[1] The allusions to the course of the general government referred principally to the threatened Sub-Treasury plan, which was considered as hostile to the banks which intended to resume specie payments.

Resources and Liabilities of the Banks in the different divisions of the Union.

NEAR MAY, 1837.

	Discounts, Loans, Stocks, and other Investments.	Specie.	Notes of other Banks and other Specie Funds.	Balance due by other Banks.	Balance due to other Banks.	Gross Amount of Circulation.	Deposits.	Other Liabilities.
Eastern	99,583,979	2,550,477	5,265,843	2,506,964		19,674,994	14,242,806	8,529,832
New York . . .	79,120,069	3,109,209	7,025,645	1,790,006		15,953,177	23,745,374	9,525,862
Middle	85,117,901	5,216,914	7,254,808		1,709,969	21,228,114	22,161,066	6,923,609
United States Bank	69,867,780	1,490,968	2,689,470		333,601	7,193,021	2,921,969	11,494,149
Southern	62,122,038	6,468,971	2,669,030	25,514		23,451,850	13,202,752	1,380,960
South-Western . .	121,470,313	4,277,468	2,465,900		7,528,062	19,159,824	19,380,845	9,152,529
North-Western . .	45,685,609	6,698,896	3,437,446	3,690,815		16,967,107	15,356,069	2,409,690
Total	562,967,689	29,812,903	30,808,142	8,013,299	9,571,632	123,628,087	111,010,881	49,416,631

NEAR MAY, 1838.

Eastern	89,673,140	3,252,663	4,041,217	810,565		19,422,116	8,178,989	5,022,556
New York . . .	63,135,944	9,357,495	8,289,871	13,146		12,964,652	18,451,860	7,510,025
Middle	74,370,537	6,292,829	6,025,629	3,064,934		19,024,642	19,961,310	7,808,260
United States Bank	72,548,842	4,409,330	1,611,073		4,898,682	6,451,605	4,414,978	18,121,440
Southern	58,410,803	6,933,341	4,604,686	1,805,148		22,845,721	10,151,411	4,790,431
South-Western . .	140,379,675	5,413,648	2,899,157		10,557,649	29,104,279	18,979,641	12,487,779
North-Western . .	45,206,726	8,505,598	3,383,391	3,889,952		17,481,100	9,086,648	3,486,147
Total	543,725,667	44,164,904	30,855,024	9,583,745	15,456,331	127,294,115	89,224,837	59,226,638

The Eastern division embraces the States of Maine, New Hampshire, Vermont, Rhode Island, and Connecticut.
The Middle includes New Jersey, Pennsylvania, Delaware, Maryland, and the District of Columbia.
The Southern—Virginia, North Carolina, South Carolina, Georgia, and the Territory of Florida.
The South-Western—Alabama, Mississippi, Louisiana, Arkansas, and Tennessee.
The North-Western—Kentucky, Missouri, Illinois, Indiana, Ohio, Michigan, and Territories of Wisconsin and Iowa.

Approximate Statement of the Population, nominal Banking Capital, and Debts of the several States at the end of the year 1840.

	January, 1840. Population.	January, 1840. Bank Capital.	July, 1841. Interest.	July, 1841. Debts.	Taxable Property.
Maine	501,793	4,671,500	5 & 6	550,000 (F)	
New Hampshire	284,574	2,939,508		None.	72,560,000
Vermont	291,948	1,325,530		None.	
Massachusetts	737,699	34,485,600	5 *st.*	4,290,000 (F)	208,360,000
Rhode Island	108,830	9,880,500		None.	32,640,000
Connecticut	310,015	8,832,223		None.	97,120,000
New York	2,428,921	52,028,793 (*a*)	5	21,000,000 (*d*)	641,360,000 (*g*)
New Jersey	373,306	4,822,607		None.	
Pennsylvania	1,724,022	59,286,405 (*b*)	5	38,350,000 (*e*)	400,000,000 (*g*)
Delaware	78,085	1,071,318		None.	
Maryland	469,232	10,571,630	5 & 6	11,490,000 (F)	100,000,000 (*g*)
District of Columbia	43,712	1,768,074		None.	
Virginia	1,239,797	8,471,856	5 & 6	6,320,000 (F)	206,900,000 (*g*)
North Carolina	753,110	3,100,750		None.	
South Carolina	594,398	11,584,355	5 & 6 *st.*	5,560,000 (F)	200,000,000
Georgia	689,690	15,119,219		Not known.	
Florida	54,307	4,619,836		Not known.	
Alabama	600,000*	11,996,232	5 *st.*	11,500,000	
Mississippi	375,651	30,379,403 (*c*)	5 *st.*	7,000,000	
Louisiana	351,176	41,736,768	5 *st.*	23,730,000 (F)	
Arkansas	95,642	1,951,888	5 & 6	3,000,000 (F)	
Tennessee	829,210	7,687,556	6	2,150,000 (F)	121,000,000 (*g*)
Kentucky	785,000*	8,939,003	5	3,790,000	272,000,000
Missouri	381,102	1,116,123	5	2,500,000 (F)	
Illinois	474,404	5,423,185	6 *st.*	12,210,000	
Indiana	683,314	2,595,221	5	11,890,000 (F)	97,000,000
Ohio	1,510,467	10,507,521	6	12,940,000 (*f*)	126,000,000
Michigan	211,705	1,229,200	6	5,340,000 (F)	
Wisconsin	30,752	200,000		None.	
Iowa	43,068	100,000		None.	
Total	17,063,830	358,441,804		183,610,000	

* Partly on estimate.

(*a*) Including 15,227,321 free banks, half of which nominal.

(*b*) Including 35,000,000 United States Bank, two-thirds of which destroyed.

(*c*) Great part of this annihilated.

(*d*) Debt proper, deducting 2,054,000—

Old debt provided for	$13,320,000
Issued to companies	2,845,000
In part of authorized do., estimated	1,830,000
Loan authorized last session	3,000,000
	21,000,000

(*e*) Mr. Reed estimates interest on old 5 per cents. at 1,762,500, making principal 35,250,000; loan authorized last session, 3,100,000; total, $38,350,000.

(*f*) May be increased two or three millions for completing the works; but the tolls and taxes are sufficient to pay the interest.

(*g*) In all these States the taxable property is assessed less than its value.

(F) All the amounts thus designated are taken from Mr. Flagg's statement.

(*st.*) The debts thus designated are in part or wholly payable, interest and principal, at 4*s.* 6*d.* st. per dollar, or at 9½ per cent. above their nominal value. Thus the State of Mississippi will have to pay in London £1,575,000 sterling, equal to $7,665,000 for the 7,000,000 which it has received.

THE

OREGON QUESTION.

BY

ALBERT GALLATIN.

NEW YORK:
BARTLETT & WELFORD, 7 ASTOR HOUSE.
1846.

THE OREGON QUESTION.

NUMBER I.

I HAD been a pioneer in collecting facts and stating the case. The only materials within my reach consisted of the accounts of voyages previously published (including that of Maurelle, in Barrington's "Miscellanies"), of the varied and important information derived from Humboldt's "New Spain," and of the voyage of the Sutil and Mexicano, the introduction to which contains a brief official account of the Spanish discoveries. The statement of the case was the best I was able to make with the materials on hand, and may be found defective in many respects. Since that time manuscript journals of several of the voyages have been obtained at Madrid. New facts have thus been added; others have been better analyzed, and some errors rectified. Arguments which had been only indicated have been enforced, and new views have been suggested. The subject, indeed, seems to be exhausted; and it would be difficult to add anything to the able correspondence between the two governments which has been lately published.

Ministers charged with diplomatic discussions are not, however, in those official papers intended for publication, to be considered as philosophers calmly investigating the questions with no other object but to elicit truth. They are always, to a certain extent, advocates, who use their best endeavors to urge and even strain the reasons that may be alleged in favor of the claims set up by their governments; and in the same manner to repel, if not to deny, all that may be adduced by the other party.

Such official papers are in fact appeals to public opinion, and generally published when there remains no hope to conclude for the present an amicable arrangement.

But, though acting in that respect as advocates, diplomatists are essentially ministers of peace, whose constant and primary duty is mutually to devise conciliatory means for the adjustment of conflicting pretensions, for the continuance of friendly relations, for preventing war, or for the restoration of peace. It has unfortunately happened that on this occasion both governments have assumed such absolute and exclusive grounds as to have greatly increased, at least for the present, the obstacles to an amicable arrangement.

It is morally impossible for the bulk of the people of any country thoroughly to investigate a subject so complex as that of the respective claims to the Oregon territory; and, for obvious reasons, it is much less understood by the great mass of the population in England than in the United States. Everywhere, when the question is between the country and a foreign nation, the people at large, impelled by natural and patriotic feelings, will rally around their government. For the consequences that may ensue those who are intrusted with the direction of the foreign relations are alone responsible. Whatever may be the cause, to whomsoever the result may be ascribed, it appears from the general style of the periodical press that, with few exceptions, the people, both in Great Britain and the United States, are imbued with the belief that the contested territory belongs exclusively to themselves, and that any concession which might be made would be a boon to the other party. Such opinions, if sustained by either government, and accompanied by corresponding measures, must necessarily lead to immediate collisions, and probably to war. Yet a war so calamitous in itself, so fatal to the general interests of both countries, is almost universally deprecated, without distinction of parties, by all the rational men who are not carried away by the warmth of their feelings.

In the present state of excitement, an immediate amicable arrangement is almost hopeless; time is necessary before the two governments can be induced to recede from their extreme pretensions. In the mean while, nothing, as it seems to me, should

for the present be done which might increase the excitement, aggravate the difficulties, or remove the only remaining barrier against immediate collision.

The United States claim a right of sovereignty over the whole territory. The pretensions of the British government, so far as they have been heretofore exhibited, though not extending to a claim of absolute sovereignty over the whole, are yet such as cannot be admitted by the United States, and, if persisted in, must lead to a similar result.

If the claim of Great Britain be properly analyzed, it will be found that, although she has incidentally discussed other questions, she in fact disregards every other claim but that of actual occupancy, and that she regards as such the establishment of trading factories by her subjects. She accordingly claims a participation in the navigation of the river Columbia, and would make that river the boundary between the two powers. This utter disregard of the rights of discovery, particularly of that of the mouth, sources, and course of a river, of the principle of contiguity, and of every other consideration whatever, cannot be admitted by the United States. The offer of a detached defenceless territory with a single port and the reciprocal offers of what are called free ports cannot be viewed but as derisory. An amicable arrangement by way of compromise cannot be effected without a due regard to the claims advanced by both parties, and to the expediency of the dividing line.[1]

An equitable division must have reference not only to the extent of territory, but also to the other peculiar advantages attached to each portion respectively.

From and including Fuca Straits the country extending northwardly abounds with convenient seaports. From the 42d degree of latitude to those straits there is but one port of any importance, the mouth of the river Columbia, and this is of difficult and dangerous access, and cannot admit ships of war of a

---

[1] I allude here only to the compromise proposed by Great Britain. Her actual claim, as explicitly stated by herself, is to the whole territory, limited to a right of joint occupancy in common with other states, leaving the right of exclusive dominion in abeyance.

large size. It is important only as a port of exports. As one of common resort for supplies, or asylum in case of need for the numberless American vessels engaged in the fisheries or commerce of the Pacific, it would be almost useless, even if in the exclusive possession of the United States. It must also be observed that the navigable channel of the river, from its mouth to Puget's Island, is, according to Vancouver, close along the northern shore. Great Britain proposes that the river should be the boundary, and that the United States should be content with the possession of the port it offered, in common with herself. It is really unnecessary to dwell on the consequences of such an arrangement. It is sufficient to say that, in case of war between the two countries, it would leave the United States without a single port, and give to Great Britain the indisputable and exclusive control over those seas and their commerce.

The first and indispensable step towards an amicable arrangement consists in the investigation not so much of the superiority of one claim over the other, as of the question whether there be sufficient grounds to sustain the exclusive pretensions of either government.

If the claim of the United States to the whole of the contested territory can be sustained against Great Britain, or if the pretensions of this power can to their full extent be maintained against the United States, it must be by either party assuming that the other has no opposite claim of any kind whatever, that there are no doubtful and debatable questions pending between the two countries. This, if true and maintained, must necessarily lead to war, unless one of the two powers should yield what it considers as its absolute right. But if there be any such debatable questions, the way is still open for negotiations; and both powers may recede from their extreme pretensions without any abandonment of positive rights, without disgrace, without impairing national honor and dignity.

It has been asserted that the title of the United States to the whole Oregon territory was maintained by irrefragable facts and arguments. These must be sought for in the correspondence lately published. They consist, first, of the assertion of the ancient claim of Spain to the absolute sovereignty over the whole

north-west coast of America as far north as the 61st degree of north latitude; secondly, of the cumulated proofs which sustain the claims of the United States to the various portions of the territory (whether in their own right, or as derived from the acquisition of Louisiana and the Spanish discoveries), and of the refutation of the arguments adduced by the other party. The first-mentioned position would, if it could be sustained, be sufficient to prove, and is, as I think, the only one that could prove, the absolute and complete right of the United States to the whole contested territory.

It is undoubtedly true that "Spain considered the north-west coast of America as exclusively her own;" that this claim "had been asserted by her and maintained with the most vigilant jealousy ever since the discovery of the American continent, or nearly three centuries, as far north as her settlements or missions extended." There were two ways of examining the soundness of that claim: an investigation of the principles on which it was founded, and an appeal to precedents. The Secretary of State has abstained from discussing the principle; but he has said that the claim of Spain to sovereignty "had never been seriously questioned by any European nation; that it had been acquiesced in by all European governments." This appears to me the most vulnerable part of his arguments.

The early charters of the British monarchs to the colonies bordering on the Atlantic extended from sea to sea, from the Atlantic to the Pacific Ocean, with the single exception which excluded from the grants the places actually occupied by the subjects of any Christian nation. The right of prior occupancy was recognized; but the general claim of Spain to the sovereignty of the whole coast bordering on the Pacific was utterly disregarded. Had that claim been considered as unquestionable, had it been acquiesced in, it never could have been supposed that, in any case whatever, England could have a right to bestow on her subjects a single foot of land bordering on the Pacific.

Coming down to modern times, the only nations which have set up any claims or attempted any settlements on the Pacific north of the country actually occupied by the Spaniards are

Russia, Great Britain, and the United States. All three have asserted claims to the north-western coasts of America irreconcilable with the universal sovereignty claimed by Spain; Russia and England from the time when their flags first floated along the coast and their subjects landed on its shores; the United States from a similar date, or at least from the time when they acquired Louisiana.

If the right of Spain was absolute and exclusive to the whole, there was no reason why it should not have extended beyond the 61st degree of latitude. The right of Russia was founded only on her discoveries and the establishment of some trading factories. She respected the right of Spain only as far as it did not interfere with her own claim. She has, in fact, extended this more than six degrees further south, and to this the United States, who had acquired all the rights of Spain, have assented by a solemn treaty. Whatever might be the boundary acquiesced in by Spain, it was not Russia which recognized the claim of Spain; it was Spain which recognized that her claim was not unlimited. And let it be also observed that, since Spain still claimed as far north as the 61st degree of north latitude (the southern limit of the Russian factories when first visited by Spanish navigators), the United States, if they believed the Spanish right absolute and exclusive, ought not to have ceded to Russia a country extending more than six degrees of latitude along the shores of the Pacific.

Great Britain contested the exclusive claim of Spain from the year 1778, the date of Cook's third voyage; and he was the first British navigator that had for more than two centuries appeared on those coasts. This doctrine she has maintained ever since. She did not resist the exclusive claim of Spain by virtue of the Nootka convention, but prior to it. It was on that ground that she imperiously demanded indemnity and restoration for the property and factory of one of her subjects, which had been forcibly taken by the Spanish government. She even threatened war; and the Nootka convention was the result of those transactions. Whatever construction may at this time be given to that instrument, it is certain at least that Spain by it conceded a portion of the absolute and sovereign right she

had till then asserted; that she yielded the right of trade with the natives on all that part of the coast lying north of her actual settlements; and that, by suffering the ultimate right of sovereignty to remain in abeyance, she made that pretension questionable which she had contended could not be called in question.

With respect to the United States, without recurring to former negotiations which were not attended with any result, it is sufficient to advert to the convention between them and Great Britain of the year 1818, concluded prior to the date of the treaty by which they acquired the claims of Spain to the territory north of the 42d degree of north latitude.

The United States at that time distinctly claimed, in their own right and independent of the Spanish claims, that the boundary along the 49th parallel, which had been agreed on as that between them and Great Britain, from the Lake of the Woods to the Stony Mountains, should be extended to the Pacific. To this division of territory Great Britain would not accede, and the provision for a joint occupancy during the next ensuing years was substituted. A clause was inserted that the agreement should not be taken to affect the claims of any other power or state to any part of the country west of the Stony Mountains. This provision clearly referred to the claims of Russia and Spain. The northern and southern boundaries of the country, which the two contracting parties might claim, were left undefined; Great Britain probably thought herself bound by the Nootka convention to respect the Spanish claims to the extent provided by that instrument; the United States could not but recognize those derived from discovery, with which they were at that time but imperfectly acquainted, since their own claims were in a great degree derived from a similar source. But the convention decisively proves that the United States did not acquiesce in the antiquated claim of Spain to the absolute and exclusive sovereignty of the whole country; since, if they had recognized that prior claim to the whole, they could have had none whatever to any portion of it.

It is, therefore, undeniable that the assertion of the Spanish claim of absolute sovereignty cannot be sustained by a pre-

sumed acquiescence on the part of the only nations which now claim the country. It may, perhaps, be said that their opposition came too late, and that they neglected too long to protest against the Spanish pretension on the Pacific. No stress will be laid on Drake's voyage, which had a warlike character. But the British charters to their colonies show that those pretensions were disregarded at a very early date. There was no occasion for opposition or direct denial with respect to the Pacific until the attention of other nations was directed towards that remote country. This was neglected, because all the commercial nations were, in their attempts to colonize or to conquer the foreign and till then unexplored regions, attracted by countries far more accessible, and were exclusively engaged in pursuits much more important. The East Indies and the West India Islands offered a vast and lucrative field for commercial enterprise and territorial acquisition. With respect to the continent of America, France, England, and Holland most naturally planted their colonies on the nearest opposite shores of the Atlantic, and they did it in opposition to the pretended claim of Spain, which extended to the whole of America. Although strenuously engaged in extending those colonies westwardly, these, in the year 1754, twenty years only before Cook's third voyage, hardly extended beyond the Mississippi. What immediate interest could then have impelled either France or England to enter a formal protest against the antiquated claim of Spain to a country with which they had never attempted even to trade? And what opportunity had occurred for doing it prior to Cook's voyage?

But, what is still more conclusive, the country in question was equally neglected by Spain herself. Some exploring voyages, few of which are authentic, were indeed made by Spanish navigators, and the claims which may be derived from their discoveries have now been transferred to the United States, so far as discovery alone can give a claim, and no further. But during more than two centuries that Spain had no competitor on the Pacific, there was on her part no occupancy, no settlement, or attempt to make a settlement. She had some missions on the western coast of the peninsula of California; but her

missions or settlements in Northern or New California are of quite recent date; that of the most southern (San Diego) in 1769, and that of the most northern (San Francisco) in 1776, two years only before Cook's arrival at Nootka Sound.

In point of fact, the contested territory had been utterly neglected by Spain. All the energies, such as they were, of her Mexican colonies were much more advantageously applied to the improvement of the vast and rich countries which they had conquered, principally to the discovery and working of the richest and most productive mines of the precious metals as yet known.

Anson's expedition was purely military, and confined to southern latitudes. But the narrative drew the public attention towards the Pacific Ocean, and gave a new impulse to the spirit of discovery. Almost immediately after the peace of 1763 voyages were undertaken for that purpose by the governments of England and France; the Pacific was explored; the Russians, on the other hand, had, more than thirty years before, ascertained the continuity of the American continent from Behring's Straits to Mount St. Elias. It was then, and not till then, that Spain, or rather the Mexican government, awakening from its long lethargy, extended its missions to New California. In the year 1774, Perez, with his pilot, Martinez, sailed as far north as the northern extremity of Queen Charlotte's Island, having anchored in Nootka Sound, and, as Martinez asserts, perceived the entrance of Fuca's Straits. New and important discoveries were made by Quadra and Heceta in the year 1775. The sequel is well known.

But on what foundation did the claim of Spain rest? If she had indeed an absolute right to the whole country bordering on the Pacific, derived either from natural or international law, or from usages generally recognized, it matters but little, as respects right, whether other nations had acquiesced in or opposed her claim. If there was no foundation for that absolute and exclusive right of sovereignty, Spain could transfer nothing more to the United States than the legitimate claims derived from her discoveries.

The discovery gives an incipient claim not only to the identi-

cal spot thus discovered, but to a certain distance beyond it. It has been admitted that the claim extends generally, though not universally, as far inland as the sources of rivers emptying into the sea where the discovery has been made. The distance to which the right or claim extends along the sea-shore may not be precisely defined, and may vary according to circumstances. But it never can be unlimited; it has never been recognized beyond a reasonable extent. Spain was the first European nation which discovered and occupied Florida. A claim on that account to the absolute sovereignty over the whole of the Atlantic shores as far as Hudson's Bay or the 60th degree of latitude would strike every one as utterly absurd. A claim on the part of Spain to the sovereignty of all the shores of the Pacific, derived from her having established missions in California, would be similar in its nature and extent, and equally inadmissible. It cannot be sustained as a natural right, nor by the principles of international law, nor by any general usage or precedent. The claim of Spain rested on no such grounds.

It was derived from the bull of Pope Alexander VI., which the Spanish monarchs obtained in the year 1493, immediately after the discovery of America by Columbus. By virtue of that bull, combined with another previously granted to Portugal, and with modifications respecting the division-line between the two powers, the Pope granted to them the exclusive sovereignty over all the discoveries made or to be made in all the heathen portions of the globe, including, it must be recollected, all the countries in America bordering on the Atlantic, as well as those on the Pacific Ocean. Yet even at that time the Catholic Kings of England and France did not recognize the authority of the Pope on such subjects; as evidently appears by the voyages of Cabot under the orders of Henry VII. of England, and of Cartier under those of the King of France, Francis I. Subsequently the colonies planted by both countries from Florida to Hudson's Bay were a practical and continued protest and denial of the Spanish claim of absolute sovereignty over the whole of America; whilst the acquiescence of Spain was tantamount to an abandonment of that claim where it was resisted. Ridiculous as a right derived from such a source may appear at this time,

it was not then thus considered by Spain; and the western boundary of Brazil is to this day regulated by the division-line prescribed by the Pope.

I am not aware of any other principle by which the claim ever was or can be sustained, unless it be the idle ceremony of taking possession, as it is called. The celebrated Spaniard who first discovered the Pacific Ocean, "Balboa, advancing up to the middle in the waves, with his buckler and sword, took possession of that ocean in the name of the King his master, and vowed to defend it, with his arms, against all his enemies."—(*Robertson.*)

I have dwelt longer on this subject than it may seem to deserve. The assertion of the solidity of this ancient, exclusive Spanish claim has had an apparent effect on public opinion fatal to the prospect of an amicable arrangement. I am also fully satisfied that the resort to vulnerable arguments, instead of strengthening, has a tendency to lessen the weight of the multiplied proofs by which the superiority of the American over the British claim has been so fully established.

NUMBER II.

It has, it is believed, been conclusively proved that the claim of the United States to absolute sovereignty over the whole Oregon territory, in virtue of the ancient exclusive Spanish claim, is wholly unfounded. The next question is, whether the other facts and arguments adduced by either party establish a complete and absolute title of either to the whole; for the United States claim it explicitly; and, although the British proposal of compromise did yield a part, yet her qualified claim extends to the whole. It has been stated by herself in the following words: "Great Britain claims no exclusive sovereignty over any portion of that territory. Her present claim, not in respect to any part, but to the whole, is limited to a right of joint occupancy, in common with other states, leaving the right of exclusive dominion

in abeyance." And, again: "The qualified rights which Great Britain now possesses over the whole of the territory in question embrace the right to navigate the waters of those countries, the right to settle in and over any part of them, and the right freely to trade with the inhabitants and occupiers of the same. . . . It is fully admitted that the United States possess the same rights; but beyond they possess none."

In the nature of things it seems almost impossible that a complete and absolute right to any portion of America can exist, unless it be by prescriptive and undisputed *actual* possession and settlements, or by virtue of a treaty.

At the time when America was discovered, the law of nations was altogether unsettled. More than a century elapsed before Grotius attempted to lay its foundation on Natural Law and the moral precepts of Christianity; and, when sustaining it by precedents, he was compelled to recur to Rome and Greece. It was in reality a new case, to which no ancient precedents could apply,[1] for which some new rules must be adopted. Gradually, some general principles were admitted, never universally, in their nature vague and often conflicting. For instance, discovery varies, from the simple ascertaining of the continuity of land to a minute exploration of its various harbors, rivers, &c.; and the rights derived from it may vary accordingly, and may occasionally be claimed to the same district by different nations. There is no precise rule for regulating the time after which the neglect to occupy would nullify the right of prior discovery; nor for defining the extent of coast beyond the spot discovered to which the discoverer may be entitled, or how far inland his claim extends. The principle most generally admitted was, that, in case of a river, the right extended to the whole country drained by that river and its tributaries. Even this was not universally conceded. This right might be affected by a simultaneous or prior discovery and occupancy of some of the sources of such river by another party; or it might conflict with a general claim of contiguity. This last claim, when extending beyond the

[1] Grotius, however, sustains the right of occupation by a maxim of the Civil Roman Code.

sources of rivers discovered and occupied, is vague and undefined: though it would seem that it cannot exceed in breadth that of the territory on the coast originally discovered and occupied. A few examples will show the uncertainty resulting from those various claims when they conflicted with each other.

The old British charters, extending from sea to sea, have already been mentioned. They were founded, beyond the sources of the rivers emptying into the Atlantic, on no other principle than that of contiguity or continuity. The grant, in 1621, of Nova Scotia, by James the First, is bounded on the north by the river St. Lawrence, though Cartier had, more than eighty-five years before, discovered the mouth of that river and ascended it as high up as the present site of Montreal, and the French, under Champlain, had several years before 1621 been settled at Quebec. But there is another case more important and still more in point.

The few survivors of the disastrous expedition of Narvaez, who, coming from Florida, did in a most extraordinary way reach Culiacan, on the Pacific, were the first Europeans who crossed the Mississippi. Some years later, Ferdinand de Soto, coming also from Florida, did in the year 1541 reach and cross the Mississippi at some place between the mouth of the Ohio and that of the Arkansas. He explored a portion of the river and of the adjacent country, and, after his death, Moscoso, who succeeded him in command, did, in the year 1543, build seven brigantines or barques, in which, with the residue of his followers, he descended the Mississippi, the mouth of which he reached in seventeen days. Thence putting to sea with his frail vessels, he was fortunate enough to reach the Spanish port of Panuco, on the Mexican coast. The right of discovery clearly belonged to Spain; but she had neglected for near one hundred and fifty years to make any settlement on the great river or any of its tributaries. The French, coming from Canada, reached the Mississippi in the year 1680, and ascended it as high up as St. Anthony's Falls; and La Salle descended it in 1682 to its mouth. The French government did, in virtue of that second discovery, claim the country, subsequently founded New Orleans, and formed several other settlements in the interior on the Mis-

sissippi or its waters. Spain almost immediately occupied Pensacola and Nacogdoches, in order to check the progress of the French eastwardly and westwardly; but she did not attempt to disturb them in their settlements on the Mississippi and its tributaries. We have here the proof of a prior right of discovery being superseded, when too long neglected, by that of actual occupancy and settlement.

The French, by virtue of having thus discovered the mouth of the Mississippi, of having ascended it more than fifteen hundred miles, of having explored the Ohio, the Wabash, and the Illinois from their respective mouths to their most remote sources, and of having formed several settlements as above mentioned, laid claim to the whole country drained by the main river and its tributaries. They accordingly built forts at Le Bœuf, high up the Alleghany River, and on the site where Pittsburgh now stands. On the ground of discovery or settlement Great Britain had not the slightest claim. General, then Colonel Washington, was the first who, at the age of twenty-two, and in the year 1754, planted the British banner on the Western waters. The British claim was founded principally on the ground of contiguity, enforced by other considerations. The strongest of these was that it could not consist with natural law that the British colonies, with a population of near two millions, should be confined to the narrow belt of land between the Atlantic and the Alleghany Mountains, and that the right derived from the discovery of the main river should be carried to such an extent as to allow the French colonies, with a population of fifty thousand, rightfully to claim the whole valley of the Mississippi. The contest was decided by the sword. By the treaty of peace of 1763 the Mississippi, with the exception of New Orleans and its immediate vicinity, was made the boundary. The French not only lost all that part of the valley which lay east of that river, but they were compelled to cede Canada to Great Britain.

It may, however, happen that all the various claims from which a title may be derived, instead of pertaining to several powers, and giving rise to conflicting pretensions, are united, and rightfully belong to one nation alone. This union, if entire, may justly be considered as giving a complete and exclusive title

to the sovereignty of that part of the country embraced by such united claims.

The position assumed by the British government, that those various claims exclude each other, and that the assertion of one forbids an appeal to the others, is obviously untenable. All that can be said in that respect is, that if any one claim is alone sufficient to establish a complete and indisputable title, an appeal to others is superfluous. Thus far, and no farther, can the objection be maintained. The argument on the part of the United States in reality was, that the government considered the title derived from the ancient exclusive Spanish claim as indisputable; but that, if this was denied, all the other just claims of the United States taken together constituted a complete title, or at least far superior to any that could be adduced on the part of Great Britain.

It is not intended to enter into the merits of the question, which has been completely discussed, since the object of this paper is only to show that there remain on both sides certain debatable questions; and that therefore both governments may, if so disposed, recede from some of their pretensions without any abandonment of positive rights, and without impairing national honor and dignity.

Although Great Britain seems, in this discussion, to have relied almost exclusively on the right derived from actual occupancy and settlement, she cannot reject absolutely those derived from other sources. She must admit that, both in theory and practice, the claims derived from prior discovery, from contiguity, from the principle which gives to the first discoverer of the mouth of a river and of its course a claim to the whole country drained by such river, have all been recognized, to a certain though not well-defined extent, by all the European nations claiming various portions of America. And she cannot deny the facts that (as Mr. Greenhow justly concludes) the sea-shore had been generally examined from the 42d and minutely from the 45th to the 48th degree of latitude, Nootka Sound discovered, and the general direction of the coast from the 48th to the 58th degree of latitude ascertained by the Spanish expeditions, in the years 1774 and 1775, of Perez, Heceta, and Bodego y Quadra; that the

American Captain Gray was the first who, in 1792, entered into and ascertained the existence of the river Columbia and the place where it empties into the sea; that, prior to that discovery, the Spaniard Heceta was the first who had been within the bay, called Deeeption Bay by Meares, into which the river does empty; that, of the four navigators who had been in that bay prior to Gray's final discovery, the Spaniard Heceta and the American Gray were the only ones who had asserted that a great river emptied itself into that bay, Heceta having even given a name to the river (St. Roc), and the entrance having been designated by his own name (Ensennada de Heceta), whilst the two English navigators Meares and Vancouver had both concluded that no large river had its mouth there; that in the year 1805 Lewis and Clarke were the first who descended the river Columbia, from one of its principal western sources to its mouth; that the first actual occupancy in that quarter was by Mr. Astor's company, on the 24th of March, 1811, though Mr. Thompson, the astronomer of the British Northwest Company, who arrived at Astoria on the 15th of July, may have wintered on or near some northern source of the river in 52 degrees north latitude; that amongst the factories established by that American company one was situated at the confluence of the Okanagan with the Columbia, in about 49 degrees of latitude; that the 42d degree is the boundary, west of the Stony Mountains, established by treaty between Spain, now Mexico, and the United States; that the 49th degree is likewise the boundary, from the Lake of the Woods to the Stony Mountains, established by treaty between Great Britain and the United States; and that therefore the right of the United States, which may be derived from the principle of contiguity or continuity, embraces the territory west of the Stony Mountains contained between the 42d and 49th degrees of latitude.

Omitting other considerations which apply principally to the territory north of Fuca Straits, where the claims of both parties are almost exclusively derived from their respective discoveries, including those of Spain, it may be rationally inferred from the preceding enumeration that there remain various questions which must be considered by Great Britain as being still doubtful and

debatable, and that she may therefore, without any abandonment of positive rights, recede from the extreme pretensions which she has advanced in the discussion respecting a division of the territory. But, although conjectures may be formed, and the course pursued by the government of the United States may have an influence on that which Great Britain will adopt, it does not belong to me to discuss what that government may or will do. This paper is intended for the American and not for the English public; and my attention has been principally directed to those points which may be considered by the United States as doubtful and debatable.

It was expressly stipulated that nothing contained in the conventions of 1818 and 1827 should be construed to impair *or in any manner affect* the claims which either of the contracting parties may have to any part of the country westward of the Stony or Rocky Mountains. After the most cool and impartial investigation of which I am capable, I have not been able to perceive any claim on the part of Great Britain, or debatable question, respecting the territory south of Fuca's Straits, but the species of occupancy by the British fur companies between the year 1813 and October 20, 1818; and this must be considered in connection with the restoration of "all territory, places, and possessions whatsoever taken by either party from the other during the war," provided for by the Treaty of Ghent. To this branch of the subject belongs also the question whether the establishment of trading factories with Indians may eventually give a right to sovereignty. My opinion was expressed in the American counter-statement of the case, dated 19th December, 1826: "It is believed that mere factories, established solely for the purpose of trafficking with the natives, and without any view to cultivation and permanent settlement, cannot of themselves and unsupported by any other consideration give any better title to dominion and absolute sovereignty than similar establishments made in a civilized country." However true this may be as an abstract proposition, it must be admitted that practically the modest British factory at Calcutta has gradually grown up into absolute and undisputed sovereignty over a population of eighty millions of people.

The questions which, as it appears to me, may be allowed by the United States to be debatable, and therefore to make it questionable whether they have a complete right to the whole Oregon territory, are:

1st. The Nootka convention, which applies to the whole, and which, though not of primary importance, is nevertheless a fact, and the inferences drawn from it a matter of argument.

2dly. The discovery of the Straits of Fuca.

3dly. North of those straits, along the sea-shores, the discoveries of the British contrasted with those of the American and Spanish navigators; in the interior, the question whether the discovery of the mouth and the navigation of one of its principal branches from its source to the mouth of the river implies without exception a complete right to the whole country drained by all the tributaries of such river; and also the British claim to the whole territory drained by Frazer's River,—its sources having been discovered, in 1792, by Sir Alexander Mackenzie; factories having been established upon it by the British as early as the year 1806; and the whole river thence to its mouth having been for a number of years exclusively navigated by British subjects.

It appears to me sufficient generally to suggest the controverted points. That which relates to Fuca's Straits is the most important, and deserves particular consideration.

If Fuca's voyage in 1592 could be proved to be an authentic document, this would settle at once the question in favor of the United States; but the voyage was denied in the introduction to the voyage of the Sutil and Mexicano. This was an official document, published under the auspices of the Spanish government, and intended to vindicate Spain against the charges that she had contributed nothing to the advancement of geography in those quarters. This negative evidence was confirmed by Humboldt, who says that no trace of such voyage can be found in the archives of Mexico. Unwilling to adduce any doubtful fact, I abstained from alluding to it in the statement of the American case in 1826. Later researches show that, although recorded evidences remain of the voyages of Gali from Macao to Acapulco in 1584, of the Santa Anna (on board of which

was, as he says, Fuca himself) from Manilla to the coast of California, where she was captured in 1587 by Cavendish, and of Vizcaino in 1602–1603, and even of Maldonado's fictitious voyage in 1588, yet no trace has been found in Spain or Mexico of Fuca's, or any other similar voyage, in 1692, or thereabout.

On reading with attention the brief account published by Purchas, I will say that the voyage itself has much internal evidence of its truth, but that the inference or conclusion throws much discredit on the whole. The only known account of the voyage is that given verbally at Venice, in 1596, by Fuca, a Greek pilot, to Mr. Lock, a respectable English merchant, who transmitted it to Purchas.

Fuca says that he had been sent by the Viceroy of Mexico to discover the straits of Anian and the passage thereof into the sea, which they called the North Sea, which is *our North-West Sea;* that between 47 and 48 degrees of latitude he entered into a broad inlet, through which he sailed more than twenty days, and being then come into the North Sea already, and not being sufficiently armed, he returned again to Acapulco. He offered then to Mr. Lock to go into England and serve her Majesty in a voyage for the discovery perfectly of the North-West passage into the South Sea. If it be granted that the inlet through which he had sailed was really the same as the straits which now bear his name, that sea into which he emerged, and which he asserts to be *our North-West Sea,* must have been that which is now called Queen Charlotte's Sound, north of Quadra and Vancouver's Island, in about 51 degrees of latitude. *Our North-West Sea* was that which washes the shores of New Foundland and Labrador, then universally known as far north as the vicinity of the 60th degree of latitude. Hudson's Straits had not yet been discovered, and the discovery of Davis's Straits might not be known to Fuca. But no navigator at that time, who, like he, had sailed across both the Atlantic and the Pacific Oceans, could be ignorant that the northern extremity of New Foundland, which lies nearly in the same latitude as the northern entrance of Fuca's Straits, is situated sixty or seventy degrees of longitude east of that entrance.

The only way to reconcile the account with itself is to suppose that Fuca believed that the continent of America did not on the side of the Atlantic extend further north than about the 60th degree, and was bounded northwardly by an open sea which extended as far west as the northern extremity of the inlet through which he had sailed. It is true, nevertheless, that between the years 1774 and 1792 there was a prevailing opinion amongst the navigators that Fuca had actually discovered an inlet leading towards the Atlantic. Prior to the year 1787 they were engaged in seeking for it, and the Spaniards had for that purpose explored in vain the sea-coast lying south of the 48th degree; for it is well known that Fuca's entrance lies between the 48th and 49th, and not between the 47th and 48th, degrees of latitude, as he had announced.

The modern discovery of that inlet is due to Captain Barclay, an Englishman, commanding the Imperial Eagle, a vessel owned by British merchants, but which was equipped at and took its departure from Ostend, and which sailed under the flag of the Austrian East India Company. The British government, which has objected to the American claim derived from Captain Gray's discovery of the mouth of the river Columbia on the ground that he was a private individual and that his vessel was not a public ship, cannot certainly claim anything in virtue of a discovery by a private Englishman sailing under Austrian colors. In that case, and rejecting Fuca's voyage, neither the United States nor England can lay any claim on account of the discovery of the straits.

Subsequently, the Englishman Meares, sailing under the Portuguese flag, penetrated, in 1768, about ten miles into the inlet, and the American Gray, in 1789, about fifty miles. The pretended voyage of the sloop Washington throughout the straits, under the command of either Gray or Kendrick, has no other foundation that an assertion of Meares, on which no reliance can be placed.

In the year 1790 (1791 according to Vancouver) the Spaniards Elisa and Quimper explored the straits more than one hundred miles, discovering the Port Discovery, the entrance of Admiralty Inlet, the Deception Passage, and the Canal de Haro.

In 1792, Vancouver explored and surveyed the straits throughout, together with their various bays and harbors. Even there he had been preceded in part by the Sutil and Mexicano; and he expresses his regret that they had advanced before him as far as the Canal de Rosario.

Under all the circumstances of the case it cannot be doubted that the United States must admit that the discovery of the straits, and the various inferences which may be drawn from it, are doubtful and debatable questions.

That which relates to a presumed agreement of commissioners appointed under the Treaty of Utrecht, by which the northern boundary of Canada was, from a certain point north of Lake Superior, declared to extend westwardly along the 49th parallel of latitude, does not appear to me definitively settled. As this had been assumed many years before as a positive fact, and had never been contradicted, I also assumed it as such, and did not thoroughly investigate the subject. Yet I had before me at least one map (name of publisher not recollected), of which I have a vivid recollection, on which the dividing lines were distinctly marked and expressly designated as being in conformity with the agreement of the commissioners under the Treaty of Utrecht. The evidence against the fact, though in some respects strong, is purely negative. The line, according to the map, extended from a certain point near the source of the river Saguenay, in a westerly direction, to another designated point on another river emptying either into the St. Lawrence or James's Bay; and there were, in that way, four or five lines following each other, all tending westwardly, but with different inclinations northwardly or southwardly, and all extending from some apparently known point on a designated river to another similar point on another river; the rivers themselves emptying themselves, some into the river St. Lawrence, and others into James's Bay or Hudson's Bay, until, from a certain point lying north of Lake Superior, the line was declared to extend along the 49th degree of latitude, as above stated. It was with that map before me that the following paragraph was inserted in the American statement of December, 1826:

"The limits between the possessions of Great Britain in North

America and those of France in the same quarter, namely, Canada and Louisiana, were determined by commissioners appointed in pursuance of the Treaty of Utrecht. From the coast of Labrador to a certain point north of Lake Superior those limits were fixed according to certain metes and bounds; and from that point the line of demarcation was agreed to extend indefinitely due west, along the forty-ninth parallel of north latitude. It was in conformity with that arrangement that the United States did claim that parallel as the northern boundary of Louisiana. It has been accordingly thus settled, as far as the Stony Mountains, by the convention of 1818 between the United States and Great Britain; and no adequate reason can be given why the same boundary should not be continued as far as the claims of the United States do extend, that is to say, as far as the Pacific Ocean."

It appears very extraordinary that any geographer or mapmaker should have invented a dividing line with such specific details without having sufficient grounds for believing that it had been thus determined by the commissioners under the Treaty of Utrecht. It is also believed that Douglass's Summary (not at this moment within my reach) adverts to the portion of the line from the coast of Labrador to the Saguenay. Finally, the allusion to the 49th parallel as a boundary fixed in consequence of the Treaty of Utrecht had been repeatedly made in the course of preceding negotiations, as well as in the conferences of that of the year 1826; and there is no apparent motive, if the assertion was known by the British negotiators not to be founded in fact, why they should not have at once denied it. It may be, however, that, the question having ceased to be of any interest to Great Britain since the acquisition of Canada, they had not investigated the subject. It is of some importance, because, if authenticated, the discussion would be converted from questions respecting undefined claims into one concerning the construction of a positive treaty or convention.

It is sufficiently clear that, under all the circumstances of the case, an amicable division of the territory, if at all practicable, must be founded in a great degree on expediency. This of course must be left to the wisdom of the two governments. The

only natural, equitable, and practicable line which has occurred to me is one which, running through the middle of Fuca Straits, from its entrance to a point on the main, situated south of the mouth of Frazer's River, should leave to the United States all the shores and harbors lying south, and to Great Britain all those north of that line, including the whole of Quadra and Vancouver's Island. It would be through Fuca's Straits a nearly easterly line, along the parallel of about 48½ degrees, leaving to England the most valuable and permanent portion of the fur-trade, dividing the sea-coast as nearly as possible into two equal parts, and the ports in the most equitable manner. To leave Admiralty Inlet and its sounds to Great Britain would give her a possession in the heart of the American portion of the territory. Whether from the point where the line would strike the main it should be continued along the same parallel, or run along the 49th, is a matter of secondary importance.

If such division should take place, the right of the inhabitants of the country situated on the upper waters of the Columbia to the navigation of that river to its mouth is founded on natural law; and the principle has almost been recognized as the public law of Europe. Limited to commercial purposes, it might be admitted, but on the express condition that the citizens of the United States should in the same manner, and to the same extent, have the right to navigate the river St. Lawrence.

But I must say that, whatever may be the ultimate destinies of the Oregon territory, I would feel great regret in seeing it in any way divided. An amicable division appears to me without comparison preferable to a war for that object between the two countries. In every other view of the subject it is highly exceptionable. Without adverting for the present to considerations of a higher nature, it may be sufficient here to observe that the conversion of the northern part of the territory into a British colony would in its effects make the arrangement very unequal. The United States are forbidden by their Constitution to give a preference to the ports of one State over those of another. The ports within the portion of territory allotted to the United States would of course remain open to British vessels; whilst American

vessels would be excluded from the ports of the British colony, unless occasionally admitted by special acts depending on the will of Great Britain.

NUMBER III.

Beyond the naked assertion of an absolute right to the whole territory, so little in the shape of argument has been adduced, and so much warmth has been exhibited in the discussion of the subject, that it cannot be doubted that the question has now become on both sides one of feeling rather than of right. This in America grows out of the fact that in this contest with a European nation the contested territory is in America and not in Europe. It is identical with the premature official annunciation that the United States could not acquiesce in the establishment of any new colony in North America by any European nation. This sentiment was already general at the time when it was first publicly declared, and now that it has been almost universally avowed, there can be no impropriety in any private citizen to say, as I now do, that I share in that feeling to its full extent. For the Americans Oregon is or will be home; for England it is but an outpost, which may afford means of annoyance rather than be a source of real power. In America all have the same ultimate object in view; we differ only with respect to the means by which it may be attained.

Two circumstances have had a tendency to nourish and excite these feelings. The British fur companies, from their position, from their monopolizing character, from their natural influence upon the Indians, and from that, much greater than might have been expected, which they have constantly had upon the British government in its negotiations with the United States, have for sixty years been a perpetual source of annoyance and collisions. The vested interests of the Hudson Bay Company are at this moment the greatest obstacle to an amicable arrangement. It is at the same time due to justice to say that, as far as is known,

that company has acted in Oregon in conformity with the terms of the convention, and that its officers have uniformly treated the Americans, whether visitors or emigrants, not only courteously, but with great kindness.

If the British colonies on the continent of America were an independent country, or were they placed in their commercial relations, at least with the United States, on the same footing as the British possessions in Europe, these relations would be regulated by the reciprocal interests and wants of the parties immediately concerned. Great Britain has an undoubted right to persist in her colonial policy; but the result has been extremely vexatious, and to the United States injurious. All this is true. But feelings do not confer a right, and the indulgence of excited feelings is neither virtue nor wisdom.

The Western States have no greater apparent immediate interest in the acquisition of Oregon than the States bordering on the Atlantic. These stand in greater need of an outlet for their surplus emigrating population, and to them exclusively will for the present the benefit accrue of ports on the Pacific for the protection of the numerous American ships employed in the fisheries and commerce of that ocean. It is true that in case of war the inhabitants of the Western States will not, if a naval superiority shall be obtained on the upper Lakes, feel those immediate calamities of war to which the country along the sea-shore is necessarily exposed; but no section of the United States will be more deeply affected by the impossibility of finding during the war a market for the immense surplus of its agricultural products. It must also be remembered that a direct tax has heretofore been found as productive as the aggregate of all the other internal taxes levied by the general government; that, in case of war, it must necessarily be imposed; and that, as it must, in conformity with the Constitution, be levied in proportion to the respective population of the several States, it will be much more oppressive on those which have not yet accumulated a large amount of circulating or personal capital. The greater degree of excitement which prevails in the West is due to other and more powerful causes than a regard for self-interest.

Bordering through the whole of their northern frontier on the British possessions, the Western people have always been personally exposed to the annoyances and collisions already alluded to; and it may be that the hope of getting rid of these by the conquest of Canada has some influence upon their conduct. Independent of this, the indomitable energy of this nation has been and is nowhere displayed so forcibly as in the new States and settlements. It was necessarily directed towards the acquisition of land and the cultivation of the soil. In that respect it has performed prodigies. Three millions of cultivators of the soil are now found between the Lakes and the Ohio, where, little more than fifty years before, save only three or four half Indian French settlements, there was not a single white inhabitant. Nothing now seems impossible to those men; they have not even been sobered by fresh experience. Attempting to do at once, and without an adequate capital, that which should have been delayed five-and-twenty years, and might have then been successfully accomplished, some of those States have had the mortification to find themselves unable to pay the interest on the debt they had contracted, and obliged to try to compound with their creditors. Nevertheless, undiminished activity and locomotion are still the ruling principles; the Western people leap over time and distance; ahead they must go; it is their mission. May God speed them, and may they thus quietly take possession of the entire contested territory!

All this was as well known to the British government as to ourselves. A public and official declaration by the President of the United States was unnecessary and at least premature. Mr. Rush's correspondence of 1824 bears witness of its unfortunate effect on the negotiations of that year. These feelings had gradually subsided. But whatever may be the cause, the fact that an extraordinary excitement on this subject has manifested itself and does now exist on both sides cannot be denied. Time is absolutely necessary in order that this should subside. Any precipitate step now taken by either government would be attended with the most fatal consequences. That which, if done some years ago, might have been harmless, would now be highly dangerous, and should at least be postponed for the present.

The first incipient step recommended by the Executive is to give the notice that the convention of 1827 shall expire at the end of one year. This measure at this time, and connected with the avowed intention of assuming exclusive sovereignty over the whole territory, becomes a question of peace or war.

The conventions of 1818 and 1827, whilst reserving the rights of both parties, allowed the freedom of trade and navigation throughout the whole territory to remain common to both; and the citizens or subjects of both powers were permitted to occupy any part of it. The inconveniences of that temporary arrangement were well understood at the time. The British fur companies had established factories on the banks, and even south of the river Columbia, within the limits of that portion of the country which the United States had, whenever the subject was discussed, claimed as belonging exclusively to them. The conditions of the agreement were nominally reciprocal; but though they did not give, yet they did in fact leave the British company in the exclusive possession of the fur-trade. This could not be prevented otherwise than by resorting to actual force; the United States were not then either ready or disposed to run the risks of a war for that object; and it was thought more eligible that the British traders should remain on the territory of the United States by virtue of a compact and with their consent than in defiance of their authority. It is but very lately that the Americans have begun to migrate to that remote country; a greater number will certainly follow; and they have under the convention a perfect right to occupy and make settlements in any part of the territory they may think proper, with the sole exception of the spots actually occupied by the British company.

What is, then, the object in view in giving the notice at this time? This has been declared without reserve by the President: "At the end of the year's notice, should Congress think it proper to make provision for giving that notice, we shall have reached a period when the national rights in Oregon must either be abandoned or firmly maintained. That they cannot be abandoned without a sacrifice of both national honor and interests, is too clear to admit of doubt." And it must be recollected that this candid avowal has been accompanied by the declaration that

"our title to the whole Oregon territory had been asserted and, as was believed, maintained by irrefragable facts and arguments." Nothing can be more plain and explicit. The exclusive right of the United States to absolute sovereignty over the whole territory must be asserted and maintained.

It may not be necessary for that purpose to drive away the British fur company, nor to prevent the migration into Oregon of British emigrants coming from the British dominions. The company may, if deemed expedient, be permitted to trade as heretofore with the Indians. British emigrants may be treated in the same manner as the other sixty or eighty thousand who already arrive yearly in the United States. They may, at their option, be naturalized or remain on the same footing as foreigners in other parts of the Union. In this case they will enjoy no political rights; they will not be permitted to own American vessels and to sail under the American flag; the permission to own real property seems, so long as Oregon remains a territory, to depend on the will of Congress. Thus far collision may be avoided.

But no foreign jurisdiction can be permitted from the moment when the sovereignty of the United States over the whole territory shall be asserted and maintained. To this all those who reside in the territory must submit. After having taken the decisive step of giving the notice, the United States cannot, as the President justly states, abandon the right of sovereignty without a sacrifice of national honor.

It had been expressly agreed by the convention that nothing contained in it should affect the claims of either party to the territory. The all-important question of sovereignty remained therefore in abeyance. Negotiations for a division of the territory have failed; the question of sovereignty remains undecided, as it was prior to the convention. If the United States exercise the reserved right to put an end to the convention, and if, from the time when it shall have expired, they peremptorily assume the right of sovereignty over the whole, it cannot be doubted that Great Britain will at once resist. She will adhere to the principle she had asserted prior to the Nootka convention, and has ever since maintained, that actual occupancy can alone give

a right to the country. She will not permit the jurisdiction of the United States to be extended over her subjects; she will oppose the removal, arrest, or exercise of any other legal process against her justices of the peace, against any other officers who directly or indirectly act under her authority, against any of her subjects; and she will continue to exercise her jurisdiction over all of them throughout the whole territory. Whatever either power asserts must be maintained; military occupation and war must necessarily ensue.

A portion of the people, both in the West and elsewhere, see clearly that such must be the consequence of giving the notice. Such men openly avow their opinions, prefer war to a longer continuation of the present state of things, are ready to meet all the dangers and calamities of the impending conflict, and to adopt at once all the measures which may insure success. With them the discussion brings at once the question to its true issue: Is war necessary for the object they have in view? Or may it not be attained by peaceable means? It is a question of war or peace, and it is fairly laid before the nation.

But many respectable men appear to entertain hopes that peace may still be preserved after the United States shall have assumed, or attempted to assume, exclusive sovereignty. The reverse appears to me so clear, so obvious, so inevitable, that I really cannot understand on what grounds these hopes are founded.

Is it thought that the President will not, after the assent of Congress has been obtained (and whether immediately or at the end of this session is quite immaterial), give the notice which he has asked Congress to authorize? Or is it supposed that a change in the form which, in order to avoid responsibility, would give him a discretionary power, could lead to a different result, or be anything else but a transfer by Congress to the Executive of the power to declare war?

Can it be presumed that when, after the expiration of the term of notice, the convention shall have been abrogated, the President will not assert and maintain the sovereignty claimed by the United States? I have not the honor of a personal acquaintance with him; I respect in him the first magistrate of the nation; and he is universally represented as of irreproachable character, sincere,

and patriotic. Every citizen has a right to differ with him in opinion; no one has that of supposing that he says one thing and means another. I feel an intimate conviction of his entire sincerity.

Is it possible that any one who does not labor under a singular illusion can believe that England will yield to threats and defiance that which she has refused to concede to our arguments? Reverse the case: Suppose for a moment that Great Britain was the aggressor and had given the notice, declaring at the same time that at the expiration of the year she would assume exclusive sovereignty over the whole country and oppose the exercise of any whatever by the United States, is there any American, even amongst those who set the least value on the Oregon territory and are most sincerely desirous of preserving peace, who would not at once declare that such pretension on the part of Great Britain was outrageous and must be resisted?

It is not certainly the interest of Great Britain to wage war against the United States, and it may be fairly presumed that the British government has no such wish. But England is, as well as the United States, a great, powerful, sensitive, and proud nation. Every effusion of the British press which displays hostility to the United States produces an analogous sentiment and adds new fuel to excitement in America. A moment's reflection will enable us to judge of the inevitable effect of an offensive and threatening act emanating from our government; an act which throws in the face of the world the gauntlet of defiance to Great Britain. Her claims and views, as laid down in her statement of December, 1826, remove every doubt respecting the steps she will take. "Great Britain claims no exclusive sovereignty over any portion of that territory. Her present claim not in respect to any part, but to the whole, is limited to a right of joint occupancy in common with other States, leaving the right of exclusive dominion in abeyance. . . . The pretensions of Great Britain tend to the mere maintenance of her own rights, *in resistance to the exclusive character* of the pretensions of the United States. . . . These rights embrace the right to navigate the waters of those countries, *the right to settle in and over any part of them*, and the right freely to trade with the

inhabitants and occupiers of the same. It is fully *admitted* that the *United States possess the same rights.* But beyond these rights they possess none. To the interests and establishments which British industry and enterprise have created Great Britain owes protection. *That protection will be given,* both as regards settlement and freedom of trade and navigation, with every attention not to infringe the co-ordinate rights of the United States."

Thus, the United States declare that they give notice of the abrogation of the convention, with the avowed determination of asserting their assumed right of absolute and *exclusive sovereignty* over the whole territory of Oregon. And Great Britain has explicitly declared that her pretensions were *in resistance* to the *exclusive* character of those of the United States; and that protection will be given, both as regards settlement and freedom of trade and navigation, to the interests and establishments which British industry and enterprise have created.

How war can be avoided if both powers persist in their conflicting determinations is incomprehensible. Under such circumstances negotiation is morally impossible during the year following the notice. To give that notice with the avowed determination to assume exclusive sovereignty at the end of the year is a decisive, most probably an irretrievable, step. "After that period the United States cannot abandon their right of sovereignty without a sacrifice of national honor."

The question of sovereignty has never been decided. Simply to give notice of the abrogation of the convention would leave the question in the same situation,—it would remain in abeyance. But when the President has recommended that the notice should be given with the avowed object of assuming exclusive sovereignty, an Act of Congress in compliance with his recommendation necessarily implies an approbation of the object for which it is given. If the notice should be given, the only way to avoid that implication and its fatal consequences is to insert in it an explicit declaration that the sovereignty shall not be assumed. But then why give the notice at all? A postponement is far preferable, unless some other advantage shall be obtained by the abrogation of the convention. This must be examined,

and it is necessary to inquire whether any and what measures may be adopted without any violation of the convention that will preserve the rights and strengthen the position of the United States.

NUMBER IV.

The acts which the government of the United States may do, in conformity with the convention, embrace two objects: the measures applicable to the territory within their acknowledged limits which may facilitate and promote migration, and those which are necessary for the protection of their citizens residing in the Oregon territory.

It is a remarkable fact that, although the convention has now been in force twenty-seven years, Congress has actually done nothing with respect to either of those objects. Enterprising individuals have, without any aid or encouragement by government, opened a wagon-road eighteen hundred miles in length through an arid or mountainous region, and made settlements on or near the shores of the Pacific, without any guaranty for the possession of the land improved by their labors. Even the attempt to carry on an inland trade with the Indians of Oregon has been defeated by the refusal to allow a drawback of the high duties imposed on the importation of foreign goods absolutely necessary for that commerce. Thus the fur-trade has remained engrossed by the Hudson Bay Company; missionaries were, till very lately, almost the only citizens of the United States to be found in Oregon; the United States, during the whole of that period, have derived no other advantage from the convention than the reservation of their rights, and the express provision that these should in no way be affected by the continuance of the British factories in the territory. And, now that the tide of migration has turned in their favor, they are suddenly invited to assume a hostile position, to endure the calamities and to run the chances and consequences of war in order

to gain an object which natural and irresistible causes, if permitted to operate, cannot fail ultimately to attain.

The measures applicable to the territory within the acknowledged limits of the United States have generally been recommended by the President. A very moderate appropriation will be sufficient to improve the most difficult portions of the road, and block-houses or other temporary works, erected in proper places and at convenient distances, and garrisoned by a portion of the intended additional force, will protect and facilitate the progress of the emigrants. However uninviting may be the vast extent of prairies, destitute of timber, which intervene between the western boundary of the State of Missouri and the country bordering on the Stony Mountains, it seems impossible that there should not be found some more favored spots where settlements may be formed. If these were selected for military posts, and donations of land were made to actual settlers in their vicinity, a series of villages, though probably not a continuity of settlements, would soon arise through the whole length of the road. The most important place, that which is most wanted, either as a place of rest for the emigrants or for military purposes, is one in the immediate vicinity of the Stony Mountains. Reports speak favorably of the fertility of the soil in some of the valleys of the upper waters within our limits,—of Bear's River, of the Rio Colorado, and of some of the northern branches of the river Platte. There, also, the seat of justice might be placed of the new territory, whose courts should have superior jurisdiction over Oregon.

The measures which the United States have a right to carry into effect within the territory of Oregon must now be considered.

The only positive condition of the convention is that the territory in question shall, together with its harbors, bays, and creeks, and the navigation of all rivers within the same, be free and open to vessels, citizens, and subjects of the two powers.

For the construction put on this article by Great Britain it is necessary to recur again to the statement of her claim as given by herself, and to her own acts subsequent to the convention.

The acts of England, subsequent to the convention of 1818, are to be found in the various charters of the Hudson Bay Company (observing that some of their most important provisions, though of a much earlier date, stand unrepealed) and in the Act of Parliament of the year 1821, which confirms and extends a prior one of the year 1803. It must also be recollected that, by grants or Acts subsequent to the convention, the ancient Hudson Bay Company and the Northwest Company of Montreal have been united together, preserving the name of Hudson Bay Company.

This company was and remains a body corporate and politic, with provisions for the election of a governor and other officers, who direct its business; and amongst other powers the company is empowered to build fortifications for the defence of its possessions, as well as to make war or peace with all nations or people, not Christian, inhabiting their territories, which now embrace the entire Oregon. By the Act of Parliament of 1821, the jurisdiction of the courts of Upper Canada is extended in all civil and criminal cases to the Oregon territory; provision is made for the appointment of justices of the peace within the said territory, with a limited jurisdiction, and power to act as commissioners in certain cases, and to convey offenders to Upper Canada.

It must also be observed that although the company is forbidden to claim any exclusive trade with the Indians, to the prejudice or exclusion of any citizen of the United States who may be engaged in the same trade, yet the jurisdiction above mentioned is, by the letter of the Act, extended to any persons whatsoever residing or being within the said territory. The British plenipotentiaries did, however, explicitly declare, in the course of the negotiations of 1826–1827, that the Act had no other object but the maintenance of order amongst British subjects, and had never been intended to apply to citizens of the United States.

It is perfectly clear that, since it has been fully admitted that the United States possess the same rights over the territory as Great Britain, they are fully authorized, under the convention, to enjoy all the rights which Great Britain claims for herself,

and to exercise that jurisdiction which she has assumed as being consistent with the convention.

The citizens of the United States have, therefore, at this time a full and acknowledged right to navigate the waters of the Oregon territory, *to settle in and over any part of it*, and freely to trade with the inhabitants and occupiers of the same. And the government of the United States is likewise fully authorized to incorporate any company or association of men for the purpose of trading or of occupying and settling the country; to extend the jurisdiction of the courts of any of its Territories lying within its acknowledged limits, in all civil and criminal cases, to the territory aforesaid; to appoint within the same justices of the peace and such other officers as may be necessary for carrying the jurisdiction into effect; and also to make war and peace with the Indian inhabitants of the territory, including the incidental power to appoint agents for that purpose.

On the other hand, it seems to be understood that, so long as the convention remains in force, neither government shall lay duties in the territory on tonnage, merchandise, or commerce; nor exercise exclusive jurisdiction over any portion of it; and that the citizens and subjects of the two powers residing in or removing to the territory shall be amenable only to the jurisdiction of their own country respectively.

It has been contended by the British government that the establishment of any military post, or the introduction of any regular force under a national flag, by either power would be an act of exclusive sovereignty which could not be permitted to either whilst the sovereignty remained in abeyance. Under existing circumstances it is believed that such an act would be highly dangerous and prove unfavorable to the United States.

But the establishment by the United States of a territorial government over Oregon is also objected to on the same principle. The want of such government appears to be the only serious inconvenience attending a continuance of the convention, and requires special consideration.

The United States have the same right as Great Britain, and are equally bound, to protect their citizens residing in the Ore-

gon territory in the exercise of all the rights secured to them by the convention. It has been fully admitted that these rights embrace the right to settle in and over any part of the territory, and that they are to be, in all cases whatever, amenable only to the jurisdiction of their own country. The subjects of Great Britain who are not in the employ of the Hudson Bay Company are forbidden to trade with the natives; and the company does in fact control and govern all the British subjects residing in the territory. This gives a strong guaranty against the violation by rash individuals of the rights of the citizens of the United States. Should any of them, however, be disturbed in the exercise of their legitimate rights, and the company should be unable or unwilling to relieve and indemnify them, the United States would be justly entitled to appeal to the British government for the redress of a violation of rights secured by the convention; for the British government has preserved a control over the Hudson Bay Company, and does in fact, through it, govern the British subjects who reside in the territory.

The United States are placed, in that respect, in a very different situation. It is not believed that the general government is authorized to incorporate, as a political body, a commercial company with such powers as would give it an efficient control over the private citizens residing in the territory. Such delegation of powers, either by any of the States or by Congress, is wholly inconsistent with our institutions. The United States may indeed give to their citizens in Oregon a regular and complete judiciary system; and they may also extend to them, as the British government has done on its part, the laws of an adjacent territory. But an executive local power is wanted in this case, as it is everywhere else, under any form of government whatever, to cause the laws to be executed and to have that general control which is now exercised through the Hudson Bay Company by the British government. There are, besides, various acts of a public though local nature, such as opening roads, making bridges, erecting block-houses for protection against the natives, providing for the destitute, &c., all which are performed by the Hudson Bay Company, and cannot be accomplished by insulated individuals bound by no legal association or government.

Whether any measures may be devised other than a territorial government that will be sufficient for the purpose intended; whether all the American citizens residing in Oregon might not be incorporated and made a body politic, with powers equivalent to those vested in the Hudson Bay Company, and with the reservation by the general government of a check or control analogous to that reserved by the government of Great Britain, are questions worthy of serious consideration. But Great Britain has the same interest as the United States to prevent collision during the continuance of the convention; and it is believed that, if negotiations should be renewed, with an equal and sincere desire on both sides to preserve friendly relations, there would be no difficulty at this time in coming to an understanding on the subject. It would seem sufficient that this should be accompanied with provisions preventing the possibility of the powers exercised by the United States being ever applied to British subjects, and with an explicit declaration that these powers should never be construed as an admission by Great Britain of any claim of the United States to exclusive sovereignty.

There is another important subject which has not, it is believed, ever been discussed by the two powers. This is the claim to the ownership of the places settled and improved under the convention. It seems to me that, on the principles of both natural and international law, these rights, to a defined extent, should be respected by each power respectively whose sovereignty over the portion of the territory in which such improved settlements may be situated will ultimately be recognized. It appears also that the United States may, in conformity with the convention, and without affecting in any shape the claims advanced by Great Britain, pass a law declaring that they abandon or grant without warranty, to such of their citizens as shall have made actual and bona fide settlements in any part of Oregon under the convention, all the rights of and claims to the ownership of the soil, on which such settlements shall have been made, which the United States may now or hereafter claim or acquire, limiting and defining the extent of the grant in the same manner as would be done if such grant was absolute, and promising that the title should be confirmed in case and whenever the sover-

eignty of the United States was recognized or asserted and maintained.

The prolongation, in 1827, of the convention of 1818 was evidently intended as a temporary measure, since it was made revocable at the will of either party. The plenipotentiaries of the two powers had been unable to agree on the terms of a definitive arrangement, or even in defining with precision the conditions on which the convention of 1818 might be continued for a determinate period. It will be seen by reference to the protocols and correspondence that, although it was generally admitted that neither party ought during such continuance to exercise any exclusive sovereignty over the territory, the American plenipotentiary declined to agree to any convention containing an express provision to that effect, or accompanied by the insertion in the protocol of a declaration for the same purpose by the British plenipotentiaries. The reason was not only because an exclusive right over Astoria and its dependencies was claimed by the United States, but principally because it was anticipated that, in order to have in fact an authority equal to that exercised by the Hudson Bay Company, it would become necessary for the United States to perform acts which the British government might contend to be forbidden by such express provision or declaration. The consequence was that the convention recognizes some certain rights and imposes no positive restrictions, but only such as may be supposed to be implied in the clause which declares that nothing contained in it should be construed to impair or affect the claims of either party. The probability that it might become necessary for the United States to establish a territory or some sort of government over their own citizens was explicitly avowed; the deficiencies of the renewed convention of 1827 and the inconveniences which might ensue were fully understood; and the continuance of that of 1818, made revocable at will, was agreed on, with the hope that the two powers would embrace an early opportunity, if not to make a definitive arrangement, at least to substitute for the convention another defining with precision the acts which both parties should be allowed or forbidden to perform so long as the sovereignty remained in abeyance.

The inconveniences alluded to have been fairly stated in this paper, and some of the means by which they may be avoided have been suggested. It is not, therefore, on account of the intrinsic value of the convention that its abrogation is objectionable and dangerous. It is because nothing is substituted in its place; it is because, if the two powers are not yet prepared to make a definitive agreement, it becomes the duty of both governments, instead of breaking the only barrier which still preserves peace, to substitute for the existing convention one adapted to the present state of things, and which shall prevent collisions until the question of sovereignty shall have been settled. The inconveniences which were only anticipated have become tangible from the time when American citizens, whom the United States are bound to protect, began to make settlements in the territory of Oregon. The sudden transition from an agreement, however defective, to a promiscuous occupancy, without any provisions whatever that may prevent collisions, is highly dangerous. When this is accompanied by an avowed determination on the part of the United States to assume that exclusive sovereignty which Great Britain has positively declared she would resist, war becomes inevitable.

NUMBER V.

It may not be possible to calculate with any degree of certainty the number of citizens of the United States who, aided by these various measures, will within any given period remove to the territory beyond the Stony Mountains. It is certain that this number will annually increase, and keep pace with the rapid increase of the population of the Western States. It cannot be doubted that ultimately and at no very distant time they will have possession of all that is worth being occupied in the territory. On what principle, then, will the right of sovereignty be decided?

It may, however, be asked whether, if this be the inevitable

consequence of the continuance of the convention, England will not herself give notice that it shall be abrogated. It might be sufficient to answer that we must wait till that notice shall have been given, and the subsequent measures which England means to adopt shall have been made known to us, before we assume rashly a hostile position. The United States may govern themselves; although they may irritate Great Britain, they cannot control the acts of her government. The British government will do whatever it may think proper; but for the consequences that may ensue it will be alone responsible. Should the abrogation of the convention on her part be followed by aggressive measures; should she assume exclusive possession over Oregon or any part of it, as it is now proposed that the United States should do, America will then be placed in a defensive position; the war, if any should ensue, will be one unprovoked by her,—a war purely of defence, which will be not only sustained, but approved, by the unanimous voice of the nation. We may, however, be permitted to examine what motive could impel England, what interest she might have, either in annulling the convention or in adopting aggressive measures.

When it is recommended that the United States should give notice of the abrogation of the convention, it is with the avowed object of adopting measures forbidden by the convention, and which Great Britain has uniformly declared she would resist. But, according to the view of the subject uniformly taken by her, from the first time she asserted the rights she claims to this day, the simple abrogation of her convention with the United States will produce no effect whatever on the rights, relations, and position of the two powers. Great Britain, from the date at least of Cook's third voyage, and prior to the Nootka convention, did deny the exclusive claim of Spain, and assert that her subjects had, in common with those of other states, the right freely to trade with the natives and to settle in any part of the north-western coast of America not already occupied by the subjects of Spain. The Nootka convention was nothing more than the acquiescence, on the part of Spain, in the claims thus asserted by Great Britain, leaving the sovereignty in abeyance. And the convention between the United States and Great Britain is

nothing more nor less than a temporary recognition of the same principle, so far as the two parties were concerned. England had, prior to that convention, fully admitted that the United States possessed the same rights as were claimed by her. The abrogation of the convention by her will leave those rights precisely in the same situation as they now stand, and as they stood prior to the convention. It cannot, therefore, be perceived what possible benefit could accrue to Great Britain from her abrogation of that instrument; unless, discarding all her former declarations, denying all that she has asserted for more than sixty years, retracting her admission of the equal rights of the United States to trade, to occupy, and to make settlements in any part of the country, she should, without cause or pretext, assume, as is now threatened on the part of the United States, exclusive sovereignty over the whole or part of the territory. It may be permitted to believe that the British government entertains no such intention.

It may also be observed that England has heretofore evinced no disposition whatever to colonize the territory in question. She has, indeed, declared most explicitly her determination to protect the British interests that had been created by British enterprise and capital in that quarter. But, by giving a monopoly of the fur-trade to the Hudson Bay Company, she has virtually arrested private efforts on the part of British subjects. Her government has been in every other respect altogether inactive, and apparently careless about the ultimate fate of Oregon. The country has been open to her enterprise at least fifty years; and there are no other British settlements or interests within its limits than those vested in or connected with the Hudson Bay Company. Whether the British government will hereafter make any effort towards that object cannot be known; but as long as this right to colonize Oregon shall remain common to both powers, the United States have nothing to apprehend from the competition.

The negotiations on that subject between the two governments have been carried on on both sides with perfect candor. The views and intentions of both parties were mutually communicated without reserve. The conviction on the part of

America that the country must ultimately be occupied and settled by her agricultural emigrants, was used as an argument why, in case of a division of the territory, the greater share should be allotted to the United States. The following quotation, from the American statement of the case of December, 1826, proves that this expectation was fairly avowed at the time:

"If the present state of occupancy is urged on the part of Great Britain, the probability of the manner in which the territory west of the Rocky Mountains must be settled belongs also essentially to the subject. Under whatever nominal sovereignty that country may be placed, and whatever its ultimate destinies may be, it is nearly reduced to a certainty that it will be almost exclusively peopled by the surplus population of the United States. The distance from Great Britain and the expense incident to emigration forbid the expectation of any being practicable from that quarter but on a comparatively small scale. Allowing the rate of increase to be the same in the United States and in the North American British possessions, the difference in the actual population of both is such that the progressive rate which would, within forty years, add three millions to these, would within the same time give a positive increase of more than twenty millions to the United States. And if circumstances arising from localities and habits have given superior facilities to British subjects of extending their commerce with the natives, and to that expansion which has the appearance, and the appearance only, of occupancy, the slower but sure progress and extension of an agricultural population will be regulated by distance, by natural obstacles, and by its own amount."

There was no exaggeration in that comparative view; the superiority of the progressive increase of population in the United States was, on the contrary, underrated. The essential difference is that migration from the United States to Oregon is the result of purely natural causes, whilst England, in order to colonize that country, must resort to artificial means. The number of American emigrants may not, during the first next ensuing years, be as great as seems to be anticipated. It will at first be limited by the amount of provisions with which the earlier

settlers can supply them during the first year, and till they can raise a crop themselves; and the rapidity with which a new country may be settled is also lessened where maize cannot be profitably cultivated.

Whether more or less prompt, the result is nevertheless indubitable. The snowball sooner or later becomes an avalanche; where the cultivator of the soil has once made a permanent establishment, game and hunters disappear; within a few years the fur-trade will have died its natural death, and no vestige shall remain, at least south of Fuca's Straits, of that temporary occupancy, of those vested British interests, which the British government is now bound to protect. When the whole territory shall have thus fallen in the possession of an agricultural industrious population, the question recurs, by what principle will then the right of sovereignty, all along kept in abeyance, be determined?

The answer is obvious. In conformity with natural law, with that right of occupancy for which Great Britain has always contended, the occupiers of the land, the inhabitants of the country, from whatever quarter they may have come, will be of right as well as in fact the sole legitimate sovereigns of Oregon. Whenever sufficiently numerous, they will decide whether it suits them best to be an independent nation or an integral part of our great Republic. There cannot be the slightest apprehension that they will choose to become a dependent colony; for they will be the most powerful nation bordering on the American shores of the Pacific, and will not stand in need of protection against either their Russian or Mexican neighbors. Viewed as an abstract proposition, Mr. Jefferson's opinion appears correct,—that it will be best for both the Atlantic and the Pacific American nations, whilst entertaining the most friendly relations, to remain independent rather than to be united under the same government. But this conclusion is premature, and the decision must be left to posterity.

It has been attempted in these papers to prove:

1. That neither of the two powers has an absolute and indisputable right to the whole contested territory; that each may recede from its extreme pretensions without impairing national

honor or wounding national pride; and that the way is therefore still open for a renewal of negotiations.

2. That the avowed object of the United States in giving notice of the abrogation of the convention is the determination to assert and maintain their assumed right of absolute and exclusive sovereignty over the whole territory; that Great Britain is fully committed on that point, and has constantly and explicitly declared that such an attempt would be resisted and the British interests in that quarter be protected; and that war is therefore the unavoidable consequence of such a decisive step,—a war not only necessarily calamitous and expensive, but in its character aggressive, not justifiable by the magnitude and importance of its object, and of which the chances are uncertain.

3. That the inconveniences of the present state of things may in a great degree be avoided; that, if no war should ensue, they will be the same, if not greater, without than under a convention; that not a single object can be gained by giving the notice at this time, unless it be to do something not permitted by the present convention, and therefore provoking resistance and productive of war. If a single other advantage can be gained by giving the notice, let it be stated.

4. That it has been fully admitted by Great Britain that, whether under or without a convention, the United States have the same rights as herself to trade, to navigate, and to occupy and make settlements in and over every part of the territory; and that, if this state of things be not disturbed, natural causes must necessarily give the whole territory to the United States.

Under these circumstances, it is only asked that the subject may be postponed for the present; that government should not commit itself by any premature act or declaration; that, instead of increasing the irritation and excitement which exist on both sides, time be given for mutual reflection and for the subdual or subsidence of angry and violent feelings. Then, and then only, can the deliberate opinion of the American people on this momentous question be truly ascertained. It is not perceived how the postponement for the present and for a time can in any shape or in the slightest degree injure the United States.

It is certainly true that England is very powerful, and has

often abused her power, in no case in a more outrageous manner than by the impressment of seamen, whether American, English, or other foreigners, sailing under and protected by the American flag. I am not aware that there has ever been any powerful nation, even in modern times and professing Christianity, which has not occasionally abused its power. The United States, who always appealed to justice during their early youth, seem, as their strength and power increase, to give symptoms of a similar disposition. Instead of useless and dangerous recriminations, might not the two nations, by their united efforts, promote a great object, and worthy of their elevated situation?

With the single exception of the territory of Oregon, which extends from 42° to 54° 40′ north latitude, all the American shores of the Pacific Ocean, from Cape Horn to Behring's Straits, are occupied; on the north by the factories of the Russian Fur Company; southwardly by semi-civilized states, a mixture of Europeans of Spanish descent and of native Indians, who, notwithstanding the efforts of enlightened, intelligent, and liberal men, have heretofore failed in the attempt to establish governments founded on law, that might insure liberty, preserve order, and protect persons and property. It is in Oregon alone that we may hope to see a portion of the western shores of America occupied and inhabited by an active and enlightened nation, which may exercise a moral influence over her less favored neighbors, and extend to them the benefits of a more advanced civilization. It is on that account that the wish has been expressed that the Oregon territory may not be divided. The United States and England are the only powers who lay any claim to that country, the only nations which may and must inhabit it. It is not, fortunately, in the power of either government to prevent this taking place; but it depends upon them whether they shall unite in promoting the object, or whether they shall bring on both countries the calamities of an useless war, which may retard, but not prevent, the ultimate result. It matters but little whether the inhabitants shall come from England or from the United States. It would seem that more importance might be attached to the fact that within a period of fifteen years near one million of souls are now added

to the population of the United States by migrations from the dominions of Great Britain; yet, since permitted by both powers, they may be presumed to be beneficial to both. The emigrants to Oregon, whether Americans or English, will be united together by the community of language and literature, of the principles of law, and of all the fundamental elements of a similar civilization.

The establishment of a kindred and friendly power on the north-west coast of America is all that England can expect, all perhaps that the United States ought to desire. It seems almost incredible that, whilst that object may be attained by simply not impeding the effect of natural causes, two kindred nations, having such powerful motives to remain at peace, and standing at the head of European and American civilization, should in this enlightened age give to the world the scandalous spectacle, perhaps not unwelcome to some of the beholders, of an unnatural and an unnecessary war; that they should apply all their faculties and exhaust their resources in inflicting, each on the other, every injury in their power, and for what purpose? The certain consequence, independent of all the direct calamities and miseries of war, will be a mutual increase of debt and taxation, and the ultimate fate of Oregon will be the same as if the war had not taken place.

APPENDIX.

WAR EXPENSES.

Those expenses may be arranged under three heads: 1st. Such as are of a permanent nature, and should be considered as belonging to the peace establishment of the country. 2dly. Those which should be adopted when there is an impending danger of war. 3dly. Those which actual war renders necessary.

To the first class belong all those which provide for objects that require considerable time to be executed, and cannot, without great difficulty, be accomplished pending a war. Such are fortifications, building ships of war, including steamers, accumulating materials for the same purpose, navy-yards, providing a sufficient artillery, and other important objects of the Ordnance Department. It may be taken for granted that government has done, or will do, all that is necessary and practicable in that respect.

The preparatory measures which should be adopted when there is danger of war are those respecting which the greatest variety of opinions must be expected. It has been repeatedly asserted that such is the structure of our government that it never will or can prepare for war till after it has actually commenced; that is to say, that, because Congress was dilatory in making effectual provision for carrying on the last war against Great Britain, and because the Administration, at the time when it was declared, was inefficient and not well calculated for conducting it, the United States are bound forever to incur, at the commencement of every war, the disasters of one or two years before they can be induced to put on their armor. The past is irrevocable, and of no other use than as far as it may teach us to avoid the faults that were formerly committed. When our government relies on the people for being sustained in making war, its confidence must be entire. They must be told the whole truth; and if they are really in favor of war, they will cheerfully sustain government in all the measures necessary to carry it into effect. The frank annunciation of the necessity of such measures is called "creating a panic." It is not the first time that, under similar circumstances, the same language has been held. If there be no danger or intention of making war, those create a panic who

proclaim a determination to assert the exclusive sovereignty of the United States over the whole contested territory, with the full knowledge that Great Britain has uniformly and explicitly declared that she would resist any such attempt. If, instead of telling the people the whole truth, the attempt to conceal from them the necessity of the measures requisite for carrying on the war should be successful, a reaction in the public sentiment will most certainly take place whenever it will have become impossible to delay any longer the heavy burden of taxation for which the nation had not been prepared.

I will not dwell on the necessary preparations of a military character, otherwise than by referring to some notorious facts.

The primary causes of the disastrous results of the campaign of 181 were the want of a naval force on the Lakes, and that of a sufficient regular force. Government had obtained a correct statement of the regular force of the British in Canada, with the exception of the garrison of Quebec. This last was estimated at about three thousand men, and could not be lessened without great inconvenience and some danger. The regular force at Montreal, St. John's, and Three Rivers amounted to 1130 men; that in the whole of Upper Canada, to 720. The Act to raise an additional military force of 25,000 men was passed on the 11th of January, 1812. The selection of the officers was not completed before the termination of that year; the recruiting service was not organized in time; the enlistments for the regular army fell short of the most moderate calculation; and the total number recruited was so small as to render it impossible to strike a decisive blow on any one of the most important points, from Montreal upwards, insignificant as was the force by which they were defended. The Volunteer Act was also extremely unproductive. At that time the Treasury was amply supplied; and the want was not that of money but of a regular force.

Such force cannot be raised without money, and yet it will be admitted that it would be extremely difficult to induce Congress to lay internal taxes or duties before war was declared or certain. In order to provide means for having an additional regular force ready to act as soon as actual war takes place, a loan and Treasury notes must be resorted to. But it is deemed absolutely necessary that the internal taxes should be imposed simultaneously with the declaration of war, and that provision should be made for their immediate collection. With the exception of the Act for doubling the duties on importations, Congress did not pass any law for imposing any new taxes or duties till more than one year after the declaration of the last war; nor did it even lay a second direct tax in the year 1814. It was not till after public credit was ruined, after Treasury notes which were due had remained unpaid, and after Mr. Dallas had been placed at the head of the Treasury, that at last the laws for imposing a double direct tax, for increasing the rate of the existing internal duties, and for laying new ones were enacted. The peace was ratified imme-

diately after; and, in point of fact, no more than 3,877,000 dollars were paid in the Treasury before the end of the war, on account of the direct tax and all other internal taxes or duties. There were received from the same sources 20,654,000 dollars in the years 1815, 1816, and 1817.

The preparatory measures necessary in order to insure an immediate collection of internal taxes, whenever the laws imposing such taxes shall have been passed, are those on which I may speak with confidence. These consist simply in a previous organization of the machinery necessary for the collection of every species of internal taxes and the assessment of a direct tax. The proper selection of the numerous officers necessary for the collection always consumes several months. A previous selection and appointment of those officers would obviate that difficulty, and would cost nothing, as though appointed they should receive no pay till called into actual service; this would be the natural consequence of the manner in which collectors are paid, this being a percentage on the money collected. The only other necessary measure in that respect is that the Secretary of the Treasury should, at the time of their appointment, supply the collectors with all the necessary forms of keeping and rendering their accounts.

The assessment in each State of the taxable property of every individual who possesses such property is the only operation which requires considerable time and causes a proportionate delay. This cannot be otherwise obviated than by making that assessment a preparatory measure, to be completed before actual war takes place.

In order to facilitate and hasten the process of assessment, I undertook, in the year 1812, to apportion the direct tax on the several counties and State districts in each State; and the Act of 2d August, 1813, which laid a direct tax of three millions of dollars, was passed in conformity with that apportionment. The process was easy for every State in which there was a direct State tax; but though derived from the best data that could be collected, it was defective and partly arbitrary for the States in which there was no State tax. As there is at present hardly any (if any) State which has not laid a direct State tax, this mode may be adopted for the proposed preparatory assessment. This will reduce the duty of the assessors to the assessment of the quota of each county or district on the several individuals liable to the tax, and the total expense of the assessment to a sum not exceeding probably two hundred thousand dollars. A more regular and correct assessment will, of course, be provided for with respect to the direct taxes which may be laid after the first year of the war.

The only objection is that of the expense, which would prove useless if the tax should not be laid, or, in other words, if war should not take place; but certainly this is too small an item to deserve consideration.

This organization, easy and cheap as it is, is all that is necessary in order to secure an immediate collection of a direct and other internal

taxes and duties from the moment when they shall have been imposed by Congress.

The probable annual expenses which must be incurred in a war with England, and the resources for defraying them, are the next objects of inquiry.

It is extremely difficult to draw any correct inference from the expenses of the last war with England; the amount of the arrearages due on account of the military services at the time when the peace was ratified is not stated with precision in any of the public documents which I have seen. Although the laws show the number of men voted, that of those actually raised has never to my knowledge been officially stated. There can be no doubt that the want of a proper organization increased the amount of expenditure much beyond that which would have been sufficient under a regular and efficient system. This has undoubtedly been much improved; yet the expenses incurred in the Seminole war, compared with the number of men employed and that of the hostile Indians, show that either there are still some defects in the organization, or that there were great abuses in the execution.

The payments from the Treasury for the Military Department, embracing only those for the army proper, militia and volunteers, and exclusive of those for fortifications and the Indian Department, amounted for the year 1813 to 18,936,000 dollars, and for the year 1814 to 20,508,000 dollars. The disbursements for the navy are stated at 6,446,000 and 7,311,000 dollars for these two years respectively. By comparing the reports of the Secretaries of the Treasury of December, 1815, 1816, 1817, it would appear that the arrearages due on 1st January, 1815, exceeded ten millions of dollars; and it seems certain that the actual war expenses of 1814 could not have fallen short of 35 to 40 millions of dollars. It has been asserted that the regular force during that year amounted to 35,000 men.

The population of the United States has nearly trebled during the thirty-four years which have elapsed since that in which the last war against England was declared. Their wealth and resources have increased in the same ratio; and that, in case of war, these should be brought into action as promptly as possible admits of no doubt. Once engaged in the conflict, to make the war as efficient as possible will shorten its duration, and can alone secure honorable terms of peace. I have not the documents necessary for making an approximate estimate of the annual expenses of a war with Great Britain; and if I had, I could not at this time perform that amount of labor which is absolutely necessary in order to draw correct inferences. Taking only a general view of the subject, and considering the great difference of expense in keeping a navy in active service, between one of eight frigates and one of ten ships of the line, fourteen frigates and a competent number of steamers; that Texas and Oregon are additional objects of defence; that the exten-

sive system of fortifications which has been adopted will require about fifteen thousand additional men, and that, in order to carry a successful and decisive war against the most vulnerable portion of the British dominions, a great disposable regular force is absolutely necessary; I am very sure that I fall below the mark in saying that after the first year of the war, and when the resources of the country shall be fully brought into action, the annual military and naval expenses will amount to sixty or seventy millions of dollars. To this must be added the expenses for all other objects, which, for the year ending on the 30th of June, 1845, amounted to near fifteen millions, but which the Secretary of the Treasury hopes may be reduced to eleven millions and a half. The gross annual expenses for all objects will be estimated at seventy-seven millions, to be increased annually by the annual interest on each successive loan.

In order to ascertain the amount of new revenue and loans required to defray that expense, the first question which arises is the diminution of the revenue derived from customs, which will be the necessary consequence of the war.

The actual receipts into the Treasury arising from that source of revenue were in round numbers for the years 1812, 1813, 1814, respectively, 8,960,000, 13,225,000, and 6,000,000 of dollars, and the net revenue which accrued during those three years respectively amounted to 13,142,000, 6,708,000, and 4,250,000 dollars. From the 1st of July, 1812, the rate of duties on importations was doubled, and in order to compare these receipts with those collected in peace time, they must be reduced for those three years, respectively, to 7,470,000,[1] 6,600,000, and 3,000,000; or, if the revenue accrued be compared (which is the correct mode), to 9,850,000,[1] 3,354,000, and 2,125,000 dollars. At that time the duties accrued were, on account of the credit allowed, collected on an average only six or eight months later, and the unexpected importations in the latter half of the year 1812 in American vessels which arrived with British licenses, subsequent to the declaration of war and to the Act which doubled the rate of duties, swelled considerably the receipts of the year 1813. It was only in 1814 that the full effect of the war on the revenue derived from that source was felt.

The diminution in the amount of American and foreign tonnage employed in the foreign trade of the United States is strongly exhibited by the following statement:

Tonnage in Foreign Trade, U. S.	American Vessels.	Foreign Vessels.	Total.
Year 1811	948,207	33,203	981,450
" 1812	667,999	47,099	715,098
" 1813	237,348	113,827	351,175
" 1814	59,626	48,302	107,928

[1] Estimated for 1812.

And it must be recollected that during the last nine months of 1814 Great Britain was at peace with all the other powers of Europe, and that these were therefore neutrals. Yet they hardly ventured to trade with us.

The amount of receipts into the Treasury derived from customs, as well as that of the revenue accrued, exceeded, during the eleven years 1801 to 1811, 132,700,000 dollars, being an annual average of about 12,000,000 dollars. During the same eleven years the average amount of tonnage employed in the foreign trade of the United States was 943,670 tons, of which 844,170 were in American and 99,500 in foreign vessels.

Thus, in the year 1814, the revenue derived from customs had been reduced to one-fourth part (to nearly one-sixth part, if compared according to the revenue accrued or amount of importations), the tonnage employed in the foreign trade of the United States to nearly one-ninth, and that of the American vessels employed in that trade to one-fourteenth part of their respective average amount during the eleven years of peace.

The small American navy did, during the last war with England, all and more than could have been expected. The fact was established to the satisfaction of the world and of Great Britain herself that the navy of the United States, with a parity of force, was at least equal to that of England. But the prodigious numerical superiority of the British navy rendered it impossible for a few frigates to protect the commerce of the United States, which was accordingly almost annihilated. We have now ten ships of the line and a proportionate number of frigates and smaller vessels. The great numerical superiority of the British navy still continues; and it cannot be doubted that, in case of war, every exertion will be made by the British government to maintain its superiority in our seas and on our coasts. Still, it is but a portion of her force that can be employed in that way, and, taking every circumstance into consideration, it may be confidently hoped that our commerce, though much lessened, will be partially protected by our navy. Although the actual diminution which will be experienced is altogether conjectural, I think that no great error is to be apprehended in estimating the revenue from customs, after the first year of the war, at about one-half of its present amount; and the whole revenue from that source, from the sale of lands and all the branches of the existing income, at fourteen millions of dollars; leaving to be provided for sixty to sixty-five millions, besides the interest on loans, which, for a war of three years, may be estimated at about six millions of dollars on an average. However energetic and efficient Congress and the Executive may be, the resources and strength of the nation can be but gradually brought forth; the expenses will therefore be less during the first year, after which the whole amount will be required and will be annually wanted. In reference, therefore, to the second year of the war—

Assuming the total war expenses at	$65,000,000
All the others at	12,000,000
In all	$77,000,000
From which deduct for existing revenue	14,000,000
To be provided for by taxes and loans	$63,000,000
On the principle that the amount of annual taxes should be at least equal to the expenses of the peace establishment and the interest on the war loans, annual peace expenses at	27,000,000
And for interest on the loans of 1st and 2d years, viz., 1st year 25, and 2d year 45 millions at 7 per cent.	5,000,000
Together	$32,000,000
From which deduct existing revenue	14,000,000
Leaves to be provided for by new taxes at least	$18,000,000
And by loans	45,000,000
	$63,000,000

The estimate of 5,000,000 dollars for the interest of the loans the second year after the war is founded on the supposition that the direct and other internal taxes or duties laid for the first year, together with the existing revenue and twenty-five millions borrowed by loans or Treasury notes, will be sufficient to defray the expense incurred prior to and during the first year of the war. The deficiency in the regular force for that year must be supplied by large drafts of militia, which will be as expensive at least as the regular soldiers whose place they will supply.

But it appears very doubtful whether such a large sum as forty-five millions can be raised annually by loans and Treasury notes. It is necessary in the first place to correct some erroneous opinions respecting the extent to which these notes may be kept in circulation and the legitimate objects to which they may be applied.

The Treasury notes were first introduced on my suggestion, which was no new discovery, since they are a mere transcript of the Exchequer bills of Great Britain. As these have been resorted to for more than a century, and have never become there a portion of the ordinary currency, the extent to which they may be used for other purposes is well ascertained, and bears always a certain ratio to the wealth of the country and to the revenue of the State. Whether issued to the bank as an anticipation of the revenue, or used by capitalists for short investments, the gross amount has rarely exceeded twenty millions sterling. Judging from past experience, the amount which may in time of war be kept in circulation at par in the United States falls far short of a proportionate sum.

The amount of Treasury notes issued during the years 1812 and 1813 amounted to	$8,930,000
Of which there had been paid, including interest,	$4,240,000

The amount in actual circulation was less than five millions, and thus far they had been kept at par.

All the demands from the other Departments had been met by the Treasury, and there were but few, if any, outstanding arrears. Nothing had as yet been collected on account of the direct tax and of the internal duties. Besides the five millions of Treasury notes, there had been paid into the Treasury, in the years 1812 and 1813, $28,740,000 on account of war loans, and $22,283,000 from the customs. The balance in the Treasury amounted to $5,196,542 on the 31st December, 1813.

The amount of Treasury notes issued during the year 1814 amounted to near eight millions, and there had been paid off during the same year, including interest, $2,700,000, making an addition of about five millions and a half, and the total amount outstanding about ten millions and a half. The receipts during that year, on account of the direct tax and internal duties, amounted to $3,877,000, from war loans to $15,080,000, and from customs to only six millions. Before the end of the year government was unable to pay the notes which had become due. It is perfectly clear that if new notes could not be issued in lieu of those which had become due, it was because they had fallen below par, and therefore that the amount outstanding was greater than the demand for them. There was but one remedy, and it was very simple. A reduction in that amount must be made by funding at their market-price a quantity sufficient to re-establish the equilibrium. But all the banks west of New England had in the mean time suspended their specie payments. A period of anarchy in the currency of the country was the consequence, and lasted till those payments were resumed in the year 1817.

The result of the suspension of specie payments in England was that the notes of the Bank of England became, in fact, a legal tender and the standard of the currency. All the other banks were obliged to keep their own notes on a par with those of that bank; and all that was necessary in order to prevent a depreciation was to regulate the issues of the Bank of England so as to keep them at par with gold and silver. Nevertheless, the clamor for more currency prevailed; the bank found it very convenient and profitable to issue notes which it was not obliged to pay, and these finally depreciated twenty-five per cent. But in the United States the banks were under no other control than that of the several States respectively. The consequence was that we had fifty and more species of local currencies, varying in value in the different States or districts of country, and from time to time in the same district. The banks might with facility have resumed specie payments during the first year of peace. The efforts of the Secretary of the Treasury to induce them to resume proved unsuccessful, and the resumption did not take place till after a new bank of the United States had been organized.

We have had two general suspensions of specie payments, the last at a time of profound peace. I was then behind the scenes, had some agency

in restoring specie payments, and may speak on that subject with knowledge and confidence. The obstacles came partly from the banks, principally from the debtor interest, which excites sympathy and preponderates throughout the United States. The misnamed Bank of the United States and the banks under its influence were, it is true, a formidable impediment, and this obstacle is now fortunately removed. Still the continuance of specie payments stands, whenever a crisis occurs, on a most precarious basis, and if any important place, especially New York, happened to break, all the banks through the United States would instantaneously follow the example. This is the most imminent danger to which the Treasury of the United States will be exposed in time of war, and what effect the Sub-Treasury system may produce in that respect remains to be tested by experience.

It is impossible to draw any inference respecting Treasury notes from what took place in the United States during the confused state of the currency in the years 1815 and 1816. The taxes were paid everywhere with the cheapest local currency, in Treasury notes only in the places where specie payments had been continued or where bank-notes were nearly at par. The depreciation of the Treasury notes was arrested by the fact that they might at all times be converted into a six or seven per cent. stock; but in that case they became assimilated to a direct loan. They never can become a general currency, on account of their varying value, so long as they bear an interest and are made payable at some future day. In order to give them that character, they should assume that of bank-notes, bearing no interest and payable on demand. It does not require the gift of prophecy to be able to assert that, as the wants of government increased, such notes would degenerate into paper money to the utter ruin of the public credit.

They may, however, be made a special currency for the purpose of paying taxes as gold and silver, and to the exclusion of any other species of paper currency. The amount which might be thus kept in circulation, in addition to that wanted for short investments, would be limited by the gross amount of the annual revenue, and bear but a small proportion to it; since one thousand dollars in silver or in any paper currency are sufficient to effect in one year fifty payments of the same amount.

Although the amount kept in circulation may fluctuate according to circumstances, the fundamental principle is that the issue of such notes is an anticipation of the revenue, which, after it has reached the maximum that may be kept in circulation without being depreciated, never can be increased. Be the amount ten or twenty millions, the anticipation may be continued, but not renewed; it is not an annual resource, but one the whole amount of which never can exceed that which may be kept in circulation. The operation consists in reissuing annually the amount which is paid off in the year. Whenever, owing to incidental fluctuations, the amount to be redeemed by the Treasury exceeds that which may be re-

issued, the difference must be immediately funded at the market-price of the notes, so as to keep them always at par or a little above par.

It is evident that if the direct tax and internal duties laid in August, 1813, had been imposed in July, 1812, and if the Acts of January, 1815, which increased both, had been enacted in August, 1813, there would have been an addition of at least eight millions to the revenue of the years 1813 and 1814; the Treasury notes which had become due would have been paid, public credit would have been maintained, and the amount of war loans lessened.

The principal causes of the fall of public stocks during a war, and of the consequent necessity of borrowing on dearer terms, are a want of confidence in government and the large amount of stocks thrown in the market beyond the natural demand for them. The effect of this last cause is remarkably illustrated by the fluctuations in the price of the stocks of Great Britain, where it does not appear that there ever was a want of confidence in the ability and fidelity of government in fulfilling its engagements. The British three per cents. are now, and were before the war of American independence, and before those which had their origin in the French revolution, near par or at par. They fell gradually during the war of independence, and were as low as fifty-four in February, 1782. The long war with France was attended with the same result, and the three per cents. had fallen to fifty-five in July, 1812. Notwithstanding the deranged state of the finances of the United States in 1814, the American stocks had not fallen in the same proportion. Such great depreciation is the result of the long continuance of a war. No one can say what would have been its progress had the last war with England continued much longer.

There was not, however, at that time, at least in America, any want of confidence in the government; no one doubted that it would ultimately faithfully discharge all its engagements. Although the general government is in no way responsible for the errors of any of the individual States, it is nevertheless certain that the credit of the Union has been injured abroad by the failure of several of the States to fulfil their engagements, and that no expectation can be entertained of being able to borrow money in Europe. It is not less true that the Administration will cease to enjoy the confidence of American capitalists, if the measures it has recommended should be adopted and productive of war. No one can doubt that, if that event should take place, the Americans will fight in defence of their country, and none with greater zeal and bravery than the people of the Western States. During the last war their militia and volunteers flocked either to the Lakes, to New Orleans, or wherever there was danger; nor did they refuse to take part in offensive operations and to serve without the limits of the United States. But men cannot, either there or elsewhere, afford to render gratuitous services. Whether regulars, volunteers, or militia, they must be fed, clothed, transported, supplied with arms and artillery, and paid. There is as yet but very little active,

circulating capital in the new States; they cannot lend; they, on the contrary, want to borrow money. This can be obtained in the shape of loans only from the capitalists of the Atlantic States. A recurrence to public documents will show that all the loans of the last war were obtained in that quarter.

Men of property are perhaps generally more timid than others, and certainly all the quiet people, amongst whom the public stocks are ultimately distributed, are remarkably cautious. Prudent capitalists, who do not speculate, and consider public stocks only as convenient and safe investments, will not advance money to government so long as it is controlled by men whom they consider as reckless and as entertaining rather lax opinions respecting public credit. Yet money will be obtained, but on much dearer terms than if public confidence was unimpaired. There will always be found bold speculators, who will advance it at a premium,—enhanced by the want of competition, and proportionate to the risks they may be supposed to incur. Independent of this, it is most certain that the rate of interest at which loans may be obtained will always be increased in proportion to their magnitude. The only ways by which these difficulties may be obviated, or at least lessened, are perfect fidelity in fulfilling the engagements of government; an economical, that is to say, a skilful application of the public moneys to the most important objects, postponing all those which are not immediately wanted or are of inferior real utility; and an increase of the amount of revenue derived from taxation. This has the double advantage of diminishing the amount to be borrowed and of inspiring confidence to the money-lenders. In all cases direct loans will be preferable to, and prove a cheaper mode of raising money than, the over-issues of Treasury notes.

The Act of July, 1812, which doubled the duties on importations, afforded a resource which, on account of the high rate at this time of those duties, cannot now be resorted to. Duties may, however, be levied on the importation of tea and coffee, and perhaps some other articles now duty free. Other modifications may be found useful; but it may be difficult to ascertain, even without any regard to protection, what are the rates of duties which should be imposed in time of war on the various imported articles, in order to render the revenue derived from that source as productive as possible.

It must also be observed that if, on account of the credit then allowed for the payment of duties on importations, the Treasury had, when the war of 1812 commenced, a resource in the revenue previously accrued but not yet collected, which does not now exist; on the other hand the United States were still encumbered with a considerable portion of the Revolutionary debt, and the payments on account of its principal and interest amounted, during the years 1812, 1813, 1814, to about $11,000,000, whilst the annual interest on the now existing debt is less than one million.

The direct tax of the year 1815 amounted to $6,000,000, and the rev-

enue which accrued during the same year, on the aggregate of internal duties, as increased or imposed at the same time, amounted to about the same sum. That year is also the most proper for a comparative view of the revenue derived from each object. In the subsequent years the revival of business increased the amount derived from the duties connected with the commerce of the country much beyond that which could be collected in time of war; whilst, on the other hand, the excise on spirits was much less productive. The net revenue derived from internal duties which accrued during that year was in round numbers about—

Excise on spirits	$2,750,000	Several manufactured articles	$840,000
Licenses to retailers . . .	880,000	Household furniture . . .	20,000
Sales at auction	780,000	Watches worn by individuals	80,000
Stamp duties	420,000		
Tax on carriages	150,000	Total	$6,000,000
Refined sugar	80,000		

The three last items were those added on Mr. Dallas's recommendation to the first items laid in 1813, but the rate of which was increased also on his recommendation. The manufactured articles not before taxed, on which the new duties were laid, were pig and bar iron, nails; wax and tallow candles; hats, caps, and umbrellas; paper and playing-cards; leather, saddles, bridles, boots, and shoes; beer, ale, and porter; snuff, cigars, and manufactured tobacco. This was the boldest measure proposed by the Secretary, for these duties were from their nature intrinsically obnoxious. Yet no voice was raised against them; and so far from becoming unpopular, Mr. Dallas, by his courage and frankness, acquired a well-earned popularity. No stronger proof can be adduced of the propriety of telling the whole truth and placing an entire confidence in the people.

The only important measure omitted at that time was an Act of Congress ordering that all the Treasury notes actually due and not paid should be immediately funded at their nominal value; that is to say, that for every one hundred dollars in Treasury notes the same amount of funded stock should be issued as it was necessary to give for one hundred dollars in gold or silver. It was impossible to obtain a regular loan in time and on reasonable terms for the purpose of defraying the war expenses of the first six months of the year 1815. There was an absolute necessity for recurring to Treasury notes for that purpose, and the attention of the Treasury was forcibly directed to that object. But the first and fundamental element of public credit is the faithful and punctual fulfilment of the public engagements; and the payment of the Treasury notes, when becoming due, was as necessary as that of the interest of the funded debt, which never was suspended during the war. As an immediate and considerable issue of Treasury notes was absolutely necessary, it was not sufficient that they might be convertible into a funded stock which was already much below par, since that would be in fact an issue of depreciated paper. The

Act should, therefore, have pledged the public faith that if the Treasury notes were not discharged in specie when they became due, they should be funded at their nominal value on the same terms as above stated. Mr. Dallas to great energy united pre-eminent talents, he wanted only experience; and I have no doubt that, had the war continued, he would within six months have adopted that course. If I have alluded here to this subject, it is on account of the primary importance, if placed hereafter in a similar difficult position, of adhering rigorously to those principles respecting the legitimate use of Treasury notes and the punctual discharge of every public engagement, which are absolutely necessary for the maintenance of public credit.

Since a direct tax of six millions could be raised thirty years ago, there can be no difficulty in raising one of nine millions at the very beginning of the war; this must be gradually increased, but would be most heavily felt if beyond eighteen millions. Should an equal sum be raised by internal duties, the annual loans wanted after the first year of the war would be lessened in the same proportion. The following estimate may assist in forming a correct opinion on that subject:

The stamp duties, those on sales at auction, the licenses of retailers, and the carriage tax, which accrued in the year 1815, amounted together to $2,230,000, and may be now estimated at twice as much	$4,460,000
The aggregate annual value of leather, boots, shoes, and other manufactures of leather, of hats, caps, and bonnets, snuff and cigars, paper and playing-cards manufactured in the United States are estimated by the last census at fifty-three millions, a tax on which of ten per cent. would give	5,300,000
On the same authority three millions pounds of spermaceti and wax candles would yield, at five cents per pound .	150,000
Three millions two hundred and fifty thousand pounds of refined sugar, at the same rate	160,000
Five hundred tons of pig and bar iron, nails, and brads, at two dollars per ton	1,000,000
The gross amount of spirits and beer manufactured in the United States is stated in the census at sixty-five millions of gallons; but the happy influence of the temperance cause has probably reduced this amount to less than fifty millions, a tax on which of ten cents per gallon . .	5,000,000
	$16,070,000

I have inserted only such articles as were heretofore taxed, and have no means of indicating such other as might be added or preferred; nor must I be understood as recommending any specially, or in reference to the rates of duties to be imposed on any one.

It has been generally asserted that men of property were averse to the war because the losses and burdens which it must occasion fall exclusively upon them; and that poor men were generally in favor of war because they had nothing to lose.

It is true that the first great loss caused by the war will fall immediately on those interested in the maritime commerce of the United States, either as owners, insurers, or in any way employed in it. Considering the imminent danger to which is exposed the immense amount of American property afloat on every sea, and the certain annihilation, during the war, of the fisheries, of the commerce with Great Britain, and of that with all the countries beyond Cape Horn and the Cape of Good Hope, the American merchants may be alarmed at the prospect of a war, the necessity of which they do not perceive. But if the apprehension of immediate danger is more vividly felt, the calamitous effects of the war on the agricultural interests are not less certain. The price of all the products, of which large quantities are exported, must necessarily fall so low that all the farmers must lessen the amount and with it their income, whilst they must pay dearer for all the articles which they are obliged to purchase. The distinction between rich and poor is vague. The most numerous class in the United States is that of the men who are at the same time owners and cultivators of the soil, and who have but small properties and a very moderate income. Every diminution of this, whether from the want of a market or from any additional tax, is, in that and the corresponding class of mechanics, attended with the privation of the necessaries or comforts of life. The really rich, the capitalists who have independent incomes and are not obliged to engage in any of the active pursuits of life, may, in any calamitous season, accumulate less, or at most must retrench only some luxuries. Thus the unavoidable losses and burdens which are the consequences of a war fall with the greatest weight on those who derive their means of existence from the pursuits of industry, and whose industry alone contributes to the increase of the general wealth of the country.

But this is not all. Exclusive of those who, either as contractors or in some other way, are concerned with the large supplies wanted for the support of the army and navy, there is a class of capitalists who are enriched by the war. These are the money-lenders, who shall have been bold enough to take up the public loans; unless indeed it should be intended to break public faith and, on the return of peace, to question the obligation to pay them upon the pretence of their enormous profits. What these profits are may be again illustrated by the example of Great Britain.

It has already been seen that, whenever a war is one of long continuance, the British government may at first borrow at par, and ends by being compelled to sell its stock at the rate of fifty per cent. of its nominal value, which gives for the whole of the war loans an average of 75 per cent. In point of fact, that government received in the year 1812 less than 55 per cent.; for the money actually received consisted of bank-notes,

which had then depreciated twenty per cent.; so that the money-lenders gave only that which was equivalent to forty-four per cent., in gold or silver, of the nominal value of the stock which they received. Besides receiving the interest on the nominal amount of the stock till the principal shall have been paid, they might shortly after the peace, and may now, receive from ninety-seven per cent. to par in gold or silver for that same stock for which they gave but forty-four. Thus, assuming the public debt of Great Britain at eight hundred thousand pounds sterling, not only was the whole of that capital destroyed by the wars; not only are the British people subject now, and it would seem forever, to a burden of taxes sufficient to pay the interest on that debt; but of the eight hundred millions thus consumed, only six hundred were received by the public, and the other two hundred millions made the rich capitalists who had advanced the money still richer.

There is another class of men who may occasionally derive wealth from a war. Privateering consists in robbing of their property unarmed and unresisting men engaged in pursuits not only legitimate but highly useful. It is nothing more nor less than legalized piracy. For this the United States are not responsible; and it must be admitted that the practice of all nations justifies them in resorting to those means in order to make the enemy feel the calamities of war. But the necessity of resorting to means immoral in themselves affords an irrefragable argument against precipitating the country into war for slight causes, indeed against any war which is not purely in self-defence.

It is equally untrue to assert that the poorer class of people, by which must be meant all the laborers, or generally those who live on their wages, have nothing to lose by the war.

In this and other large cities, for every thousand merchants or men of capital who may be injured or thrown out of business, there are ten thousand men living on wages, whose employment depends directly or indirectly on the commerce of those cities. The number of common laborers is proportionately less in the purely agricultural districts. But it is evident that in both a considerable number must be thrown out of employment either by the destruction of commerce or in consequence of the lessened value and quantity of the agricultural products. And it seems impossible that this should take place without affecting the rate of wages, than which a more afflicting evil could not fall on the community. There is no man of pure and elevated feelings who does not ardently wish that means could be devised to ameliorate the state of society in that respect, so as that those who live by manual labor should receive a more just portion of the profits which are now very unequally divided between them and their employers.

But even if the rate of wages was not materially affected, yet when it is said that the poor have nothing to lose by war, it must be because their lives are counted for nothing. Whether militia, regulars, or sailors, the privates, the men who actually fight the battles, are exclusively taken from

amongst the poorer classes of society. Officers are uniformly selected from the class which has some property or influence. They indeed risk gallantly their lives, but with the hopes of promotion and of acquiring renown and consideration. According to the present system, at least of the regular army, it is extremely rare, almost impossible, that a private soldier should ever rise to the rank of an officer. In the course of a war thousands are killed, more die of diseases, and the residue, when disbanded, return home with habits unfavorable to the pursuits of industry. And yet it is asserted that they are predisposed for war because they have nothing to lose.

As yet, however, we have had recourse only to voluntary enlistments for raising a regular force; the pay or bounties must be increased in order to obtain a sufficient number; and thus far to become a private soldier has been a voluntary act. The calling of militia into actual service is a modified species of conscription, and it has also been deemed a sufficient burden to limit the time of that service to six months. Another plan is now contemplated by those who are so eager to plunge the country into a war. Fearing that the sufficient number of men may not be voluntarily raised, they propose that the militia should be divided into two portions; those belonging to the first class shall, if called into actual service, be bound to serve twelve months instead of six; and the other portion shall be liable to furnish a number of recruits for the army, not exceeding one-tenth part of their total number. This last provision seems to be borrowed from the Russian military code. The Emperor of Russia requires each village to supply him with a certain number of men in proportion to that of the male population. In time of war he requires at the rate of three men for each hundred males, which answers nearly to that of ten for every one hundred men enrolled in the militia; and he also grants to the serfs the same privilege intended to be allowed to a portion of the militia by the new project, that of selecting the recruits amongst themselves.

If it be any consolation, it is certain that, although we may not invade England, the evils arising from the war will be as sensibly and more permanently felt by Great Britain than by the United States. Her efforts must be commensurate with those of the United States, much greater by sea in order to be efficient, in every respect more expensive on account of her distance from the seat of war. Such is the rapidly progressive state of America, that the industry of the people will, in a few years of peace, have repaired the evils caused by the errors of government. England will remain burdened with additional debt and taxation.

An aged man, who has for the last thirty years been detached from party politics, and who has now nothing whatever to hope or to fear from the world, has no merit in seeking only the truth and acting an independent part. But I know too well, and have felt too much the influence of party feeling, not to be fully aware that those men will be entitled to the highest praise who, being really desirous of preserving peace, shall on this mo-

mentous occasion dare to act for themselves, notwithstanding the powerful sympathies of party. Yet no sacrifice of principles is required: men may remain firmly attached to those on which their party was founded and which they conscientiously adopted. There is no connection between the principles or doctrines on which each party respectively was founded and the question of war or peace with a foreign nation which is now agitated. The practice which has lately prevailed to convert every subject, from the most frivolous to the most important, into a pure party question, destroys altogether personal independence, and strikes at the very roots of our institutions. These usages of party, as they are called, make every man a slave, and transfer the legitimate authority of the majority of the nation to the majority of a party, and, consequently, to a minority of the sovereign people. If it were permitted to appeal to former times, I would say that, during the six years that I had the honor of a seat in Congress, there were but two of those party meetings called for the purpose of deliberating upon the measures proper to be adopted. The first was after the House had asserted its abstract right to decide on the propriety of making appropriations necessary to carry a treaty into effect, whether such appropriations should be made with respect to the treaty with England of 1794. The other was in the year 1798, respecting the course proper to be pursued after the hostile and scandalous conduct of the French Directory. On both occasions we were divided; and on both the members of the minority of each meeting were left at full liberty to vote as they pleased, without being on that account proscribed or considered as having abandoned the principles of the party. This, too, took place at a time when, unfortunately, each party most erroneously suspected the other of an improper attachment to one or the other of the great belligerent foreign nations. I must say that I never knew a man belonging to the same party as myself—and I have no reason to believe that there was any in the opposite party—who would have sacrificed the interests of the country to those of any foreign power. I am confident that no such person is to be found now in our councils or amongst our citizens; nor am I apt to suspect personal views, or apprehensive of the effect these might produce. My only fear is that which I have expressed,—the difficulty for honorable men to disenthrall themselves from those party sympathies and habits, laudable and useful in their origin, but which carried to excess become a tyranny, and may leave the most important measures to be decided in the National Councils by an enthusiastic and inflamed minority.

PEACE

WITH

MEXICO.

BY

ALBERT GALLATIN.

BARTLETT & WELFORD:
NO. 7 ASTOR HOUSE, NEW YORK.

I.—THE LAW OF NATIONS.

It seems certain that Mexico must ultimately submit to such terms of peace as the United States shall dictate. An heterogeneous population of seven millions, with very limited resources and no credit, distracted by internal dissensions and by the ambition of its chiefs, a prey by turns to anarchy and to military usurpers, occupying among the nations of the civilized world, either physically or mentally, whether in political education, social state, or any other respect, but an inferior position, cannot contend successfully with an energetic, intelligent, enlightened, and united nation of twenty millions, possessed of unlimited resources and credit, and enjoying all the benefits of a regular, strong, and free government. All this was anticipated; but the extraordinary successes of the Americans have exceeded the most sanguine expectations. All the advanced posts of the enemy, New Mexico, California, the line of the lower Rio Norte, and all the seaports which it was deemed necessary to occupy, have been subdued. And a small force, apparently incompetent to the object, has penetrated near three hundred miles into the interior, and is now in quiet possession of the far-famed metropolis of the Mexican dominions. The superior skill and talents of our distinguished generals and the unparalleled bravery of our troops have surmounted all obstacles. By whomsoever commanded on either side, however strong the positions and fortifications of the Mexicans, and with a tremendous numerical superiority, there has not been a single engagement in which they have not been completely defeated. The most remarkable and unexpected feature of that warfare is that volunteers, wholly undisciplined in every sense of the word, have vied in devotedness and bravery with the regular forces, and have proved themselves in every instance superior in the open field to the best regular forces of Mexico. These forces

are now annihilated or dispersed, and the Mexicans are reduced to a petty warfare of guerrillas, which, however annoying, cannot be productive of any important results.

It is true that these splendid successes have been purchased at a price far exceeding their value. It is true that neither the glory of these military deeds nor the ultimate utility of our conquests can compensate the lamentable loss of the many thousand valuable lives sacrificed in the field, of the still greater number who have met with an obscure death or been disabled by disease and fatigue. It is true that their relatives, their parents, their wives and children find no consolation for the misery inflicted upon them in the still greater losses experienced by the Mexicans. But if, disregarding private calamities and all the evils of a general nature, the necessary consequences of this war, we revert solely to the relative position of the two countries, the impotence of the Mexicans and their total inability to continue the war with any appearance of success are still manifest.

The question then occurs, What are the terms which the United States have a right to impose on Mexico? All agree that it must be an "honorable peace;" but the true meaning of this word must in the first place be ascertained.

The notion that anything can be truly honorable which is contrary to justice will, as an abstract proposition, be repudiated by every citizen of the United States. Will any one dare to assert that a peace can be honorable which does not conform with justice?

There is no difficulty in discovering the principles by which the relations between civilized and Christian nations should be regulated and the reciprocal duties which they owe to each other. These principles, these duties, have long since been proclaimed, and the true law of nations is nothing else than the conformity to the sublime precepts of the gospel morality, precepts equally applicable to the relations between man and man and to the intercourse between nation and nation. "Thou shalt love thy neighbor as thyself." "Love your enemies." "As you would that men should do to you, do ye also to them likewise." The sanctity of these commands is acknowledged, without a single

exception, by every denomination of Christians, or of men professing to be such. The skeptical philosopher admits and admires the precept. To this holy rule we should inflexibly adhere when dictating the terms of peace. The United States, though they have the power, have no right to impose terms inconsistent with justice. It would be a shameful dereliction of principle on the part of those who were averse to the annexation of Texas to countenance any attempt to claim an acquisition of territory or other advantage on account of the success of our arms.

But in judging the acts of our government, it must be admitted that statesmen think a conformity to those usages which constitute the law of nations not as it should be, but as it is practically, sufficient to justify their conduct. And by that inferior standard those acts and our duties in relation to Mexico will be tested.

II.—INDEMNITIES TO CITIZENS OF THE UNITED STATES.

The United States had, and continue to have, an indubitable right to demand a full indemnity for any wrongs inflicted on our citizens by the government of Mexico in violation of treaties or of the acknowledged law of nations. The negotiations for satisfying those just demands had been interrupted by the annexation of Texas. When an attempt was subsequently made to renew them, it was, therefore, just and proper that both subjects should be discussed at the same time; and it is now absolutely necessary that those just claims should be fully provided for in any treaty of peace that may be concluded, and that the payment should be secured against any possible contingency. I take it for granted that no claims have been, or shall be, sustained by our government but such as are founded on treaties or the acknowledged law of nations.

Whenever a nation becomes involved in war, the manifestoes and every other public act issued for the purpose of justifying

its conduct always embrace every ground of complaint which can possibly be alleged. But admitting that the refusal to satisfy the claims for indemnity of our citizens might have been a just cause of war, it is most certain that those claims were not the cause of that in which we are now involved.

It may be proper, in the first place, to observe that the refusal of doing justice in cases of this kind, or the long delays in providing for them, have not generally produced actual war. Almost always long-protracted negotiations have been alone resorted to. This has been strikingly the case with the United States. The claims of Great Britain for British debts secured by the treaty of 1783 were not settled and paid till the year 1803; and it was only subsequent to that year that the claims of the United States for depredations committed in 1793 were satisfied. The very plain question of slaves carried away by the British forces in 1815, in open violation of the treaty of 1814, was not settled and the indemnity paid till the year 1826. The claims against France for depredations committed in the years 1806 to 1813 were not settled and paid for till the year 1834. In all those cases peace was preserved by patience and forbearance.

With respect to the Mexican indemnities, the subject had been laid more than once before Congress, not without suggestions that strong measures should be resorted to. But Congress, in whom alone is vested the power of declaring war, uniformly declined doing it.

A convention was entered into on the 11th of April, 1839, between the United States and Mexico, by virtue of which a joint commission was appointed for the examination and settlement of those claims. The powers of the commissioners terminated, according to the convention, in February, 1842. The total amount of the American claims presented to the commission amounted to 6,291,605 dollars. Of these, 2,026,140 dollars were allowed by the commission; a further sum of 928,628 dollars was allowed by the commissioners of the United States, rejected by the Mexican commissioners, and left undecided by the umpire, and claims amounting to 3,336,837 dollars had not been examined.

A new convention dated January 30, 1843, granted to the Mexicans a further delay for the payment of the claims which had been admitted, by virtue of which the interest due to the claimants was made payable on the 30th April, 1843, and the principal of the awards and the interest accruing thereon was stipulated to be paid in five years, in twenty equal instalments every three months. The claimants received the interest due on the 30th April, 1843, and the three first instalments. The agent of the United States having, under peculiar circumstances, given a receipt for the instalments due in April and July, 1844, before they had been actually paid by Mexico, the payment has been assumed by the United States, and discharged to the claimants.

A third convention was concluded at Mexico on the 20th November, 1843, by the plenipotentiaries of the two governments, by which provision was made for ascertaining and paying the claims on which no final decision had been made. In January, 1844, this convention was ratified by the Senate of the United States with two amendments, which were referred to the government of Mexico, but respecting which no answer has ever been made. On the 12th of April, 1844, a treaty was concluded by the President with Texas for the annexation of that republic to the United States. This treaty, though not ratified by the Senate, placed the two countries in a new position and arrested for a while all negotiations. It was only on the 1st of March, 1845, that Congress passed a joint resolution for the annexation.

It appears most clearly that the United States are justly entitled to a full indemnity for the injuries done to their citizens; that, before the annexation of Texas, there was every prospect of securing that indemnity; and that those injuries, even if they had been a just cause for war, were in no shape whatever the cause of that in which we are now involved.

Are the United States justly entitled to indemnity for any other cause? This question cannot be otherwise solved than by an inquiry into the facts, and ascertaining by whom and how the war was provoked.

III.—ANNEXATION OF TEXAS.

At the time when the annexation of Texas took place, Texas had been recognized as an independent power, both by the United States and by several of the principal European powers; but its independence had not been recognized by Mexico, and the two contending parties continued to be at war. Under those circumstances there is not the slightest doubt that the annexation of Texas was tantamount to a declaration of war against Mexico. Nothing can be more clear and undeniable than that, whenever two nations are at war, if a third power shall enter into a treaty of alliance, offensive and defensive, with either of the belligerents, and if such treaty is not contingent, and is to take effect immediately and pending the war, such treaty is a declaration of war against the other party. The causes of the war between the two belligerents do not alter the fact. Supposing that the third party, the interfering power, should have concluded the treaty of alliance with that belligerent who was clearly engaged in a most just war, the treaty would not be the less a declaration of war against the other belligerent.

If Great Britain and France were at war, and the United States were to enter into such a treaty with either, can there be the slightest doubt that this would be actual war against the other party? that it would be considered as such, and that it must have been intended for that purpose? If at this moment either France or England were to make such a treaty with Mexico, thereby binding themselves to defend and protect it with all their forces against any other power whatever, would not the United States instantaneously view such a treaty as a declaration of war, and act accordingly?

But the annexation of Texas by the United States was even more than a treaty of offensive and defensive alliance. It embraced all the conditions and all the duties growing out of the alliance; and it imposed them forever. From the moment when Texas had been annexed the United States became bound to protect and defend her, so far as her legitimate boundaries ex-

tended, against any invasion or attack on the part of Mexico; and they have uniformly acted accordingly.

There is no impartial publicist that will not acknowledge the indubitable truth of these positions; it appears to me impossible that they should be seriously denied by a single person.

It appears that Mexico was at that time disposed to acknowledge the independence of Texas, but on the express condition that it should not be annexed to the United States; and it has been suggested that this was done under the influence of some European powers. Whether this last assertion be true or not is not known to me. But the condition was remarkable and offensive.

Under an apprehension that Texas might be tempted to accept the terms proposed, the government of the United States may have deemed it expedient to defeat the plan, by offering that annexation which had been formerly declined when the government of Texas was anxious for it.

It may be admitted that, whether independent or annexed to the United States, Texas must be a slave-holding State so long as slavery shall continue to exist in North America. Its whole population, with hardly any exception, consisted of citizens of the United States. Both for that reason, and on account of its geographical position, it was much more natural that Texas should be a member of the United States than of the Mexican Confederation. Viewed purely as a question of expediency, the annexation might be considered as beneficial to both parties. But expediency is not justice. Mexico and Texas had a perfect right to adjust their differences and make peace on any terms they might deem proper. The anxiety to prevent this result indicated a previous disposition ultimately to occupy Texas; and when the annexation was accomplished, when it was seen that the United States had appropriated to themselves all the advantages resulting from the American settlements in Texas, and from their subsequent insurrection, the purity of the motives of our government became open to suspicion.

Setting aside the justice of the proceeding, it is true that it had been anticipated by those who took an active part in the annexation that the weakness of Mexico would compel it to

yield, or at least induce her not to resort to actual war. This was verified by the fact; and had government remained in the hands with whom the plan originated, war might probably have been avoided. But when no longer in power, they could neither regulate the impulse they had given nor control the reckless spirits they had evoked.

Mexico, sensible of her weakness, declined war, and only resorted to a suspension of diplomatic intercourse; but a profound sense of the injury inflicted by the United States has ever since rankled in their minds. It will be found through all their diplomatic correspondence, through all their manifestoes, that the Mexicans, even to this day, perpetually recur to this never-forgotten offensive measure. And on the other hand, the subsequent Administration of our government seems to have altogether forgotten this primary act of injustice, and in their negotiations to have acted as if this was only an accomplished fact and had been a matter of course.

IV.—NEGOTIATIONS AND WAR.

In September, 1845, the President of the United States directed their consul at Mexico to ascertain from the Mexican government whether it would receive an *envoy* from the United States, intrusted with full power to adjust all the questions in dispute between the two governments.

The answer of Mr. De la Pena y Pena, Minister of the Foreign Relations of Mexico, was, "That although the Mexican nation was deeply injured by the United States through the acts committed by them in the department of Texas, which belongs to his nation, his government was disposed to receive the *commissioner* of the United States who might come to the capital with full powers from his government to settle the present dispute in a peaceful, reasonable, and honorable manner;" thus giving a new proof that, even in the midst of its injuries and of its firm decision to exact adequate reparation for them, the

government of Mexico does not reply with contumely to the measures of reason and peace to which it was invited by its adversary.

The Mexican minister at the same time intimated that the previous recall of the whole naval force of the United States then lying in sight of the port of Vera Cruz was indispensable; and this was accordingly done by our government.

But it is essential to observe that whilst Mr. Black had, according to his instructions, inquired whether the Mexican government would receive an *envoy* from the United States with full power to adjust all the questions in dispute between the two governments, the Mexican minister had answered that his government was disposed to receive the *commissioner* of the United States who might come with full powers to settle the present dispute in a peaceful, reasonable, and honorable manner.

Mr. Slidell was, in November following, appointed envoy extraordinary and minister plenipotentiary of the United States of America near the government of the Mexican republic; and he arrived in Mexico on the sixth of December.

Mr. Herrera, the President of Mexico, was undoubtedly disposed to settle the disputes between the two countries. But, taking advantage of the irritation of the mass of the people, his political opponents were attempting to overset him for having made, as they said, unworthy concessions. The arrival of Mr. Slidell disturbed him extremely; and Mr. Pena y Pena declared to Mr. Black that his appearance in the capital at this time might prove destructive to the government, and thus defeat the whole affair. Under these circumstances General Herrera complained, without any foundation, that Mr. Slidell had come sooner than had been understood; he resorted to several frivolous objections against the tenor of his powers; and he intimated that the difficulties respecting Texas must be adjusted before any other subject of discussion should be taken into consideration.

But the main question was whether Mexico should receive Mr. Slidell in the character of envoy extraordinary and minister plenipotentiary, to reside in the republic. It was insisted by the Mexican government that it had only agreed to receive a commissioner, to treat on the questions which had arisen from

the events in Texas; and that until this was done the suspended diplomatic intercourse could not be restored and a residing minister plenipotentiary be admitted.

Why our government should have insisted that the intended negotiation should be carried on by a residing envoy extraordinary and minister plenipotentiary is altogether unintelligible. The questions at issue might have been discussed and settled as easily, fully, and satisfactorily by commissioners appointed for that special purpose as by residing ministers or envoys. It is well known that whenever diplomatic relations have been superseded by war, treaties of peace are always negotiated by commissioners appointed for that special purpose, who are personally amply protected by the law of nations, but who are never received as resident ministers till after the peace has restored the ordinary diplomatic intercourse. Thus, the treaty of peace of 1783, between France and England, was negotiated and concluded at Paris by British commissioners, whom it would have been deemed absurd to admit as resident envoys or ministers before peace had been made.

The only distinction which can possibly be made between the two cases is that there was not as yet actual war between Mexico and the United States. But the annexation of Texas was no ordinary occurrence. It was a most clear act of unprovoked aggression; a deep and most offensive injury; in fact, a declaration of war, if Mexico had accepted it as such. In lieu of this, that country had only resorted to a suspension of the ordinary diplomatic relations. It would seem as if our government had considered this as an act of unparalleled audacity, which Mexico must be compelled to retract before any negotiations for the arrangement of existing difficulties could take place; as an insult to the government and to the nation, which must compel it to assert its just rights and *to avenge its injured honor.*

General Herrera was not mistaken in his anticipations. His government was overset in the latter end of the month of December, 1845, and fell into the hands of those who had denounced him for having listened to overtures of an arrangement of the difficulties between the two nations.

When Mexico felt its inability to contend with the United

States, and, instead of considering the annexation of Texas to be, as it really was, tantamount to a declaration of war, only suspended the ordinary diplomatic relations between the two countries, its government, if directed by wise counsels and not impeded by popular irritation, should at once, since it had already agreed to recognize the independence of Texas, have entered into a negotiation with the United States. At that time there would have been no intrinsic difficulty in making a final arrangement founded on an unconditional recognition of the independence of Texas within its legitimate boundaries. Popular feeling and the ambition of contending military leaders prevented that peaceable termination of those unfortunate dissensions.

Yet, when Mexico refused to receive Mr. Slidell as an envoy extraordinary and minister plenipotentiary, the United States should have remembered that we had been the aggressors, that we had committed an act acknowledged, as well by the practical law of nations as by common sense and common justice, to be tantamount to a declaration of war; and they should have waited with patience till the feelings excited by our own conduct had subsided.

General Taylor had been instructed by the War Department as early as May 28, 1845, to cause the forces under his command to be put into a position where they might most promptly and efficiently act in defence of Texas in the event that it should become necessary or proper to employ them for that purpose. By subsequent instructions, and after the people of Texas had accepted the proposition of annexation, he was directed to select and occupy a position adapted to repel invasion as near the boundary-line—the Rio Grande—as prudence would dictate; and that, with this view, a part of his forces at least should be west of the river Nueces. It was certainly the duty of the President to protect Texas against invasion from the moment it had been annexed to the United States; and as that republic was in actual possession of Corpus Christi, which was the position selected by General Taylor, there was nothing in the position he had taken indicative of any danger of actual hostilities.

But our government seems to have considered the refusal, on the part of Mexico, to receive Mr. Slidell as a resident envoy of

the United States as necessarily leading to war. The Secretary of State, in his letter to Mr. Slidell of January 28, 1846, says: "Should the Mexican government finally refuse to receive you, the cup of forbearance will then have been exhausted. Nothing can remain but to take the redress of the injuries to our citizens and the insults to our government into our own hands." And again: "Should the Mexican government finally refuse to receive you, then demand passports from the proper authority and return to the United States. It will then become the duty of the President to submit the whole case to Congress, and call upon the nation to assert its just rights and avenge its injured honor."

With the same object in view, the Secretary of War did, by his letter dated January 13, 1846, instruct General Taylor "to advance and occupy, with the troops under his command, positions on or near the east bank of the Rio del Norte. . . . It is presumed Point Isabel will be considered by you an eligible position. This point, or some one near it, and points opposite Matamoras and Mier, and in the vicinity of Laredo, are suggested for your consideration. . . . Should you attempt to exercise the right, which the United States have in common with Mexico, to the free navigation of this river, it is probable that Mexico would interpose resistance. You will not attempt to enforce this right without further instructions. . . . It is not designed, in our present relations with Mexico, that you should treat her as an enemy; but should she assume that character by a declaration of war, or any open act of hostility towards us, you will not act merely on the defensive if your relative means enable you to do otherwise."

The Administration was therefore of opinion that this military occupation of the territory in question was not an act of hostility towards Mexico or treating her as an enemy. Now, I do aver, without fear of contradiction, than whenever a territory claimed by two powers is, and has been for a length of time, in the possession of one of them, if the other should invade and take possession of it by a military force, such an act is an open act of hostility according to the acknowledged and practical law of nations. In this case the law of nations only recognizes a clear and positive fact.

The sequel is well known. General Taylor, with his troops, left Corpus Christi, March 8 to 11, 1846, and entered the desert which separates that place from the vicinity of the del Norte. On the 21st he was encamped three miles south of the Arroyo, or Little Colorado, having by the route he took marched 135 miles, and being nearly north of Matamoras, about thirty miles distant. He had on the 19th met a party of irregular Mexican cavalry, who informed him that they had peremptory orders, if he passed the river, to fire upon his troops, and that it would be considered a declaration of war. The river was, however, crossed without a single shot having been fired. In a proclamation issued on the 12th, General Mejia, who commanded the forces of the department of Tamaulipas, asserts that the limits of Texas are certain and recognized, and never had extended beyond the river Nueces, that the Cabinet of the United States coveted the regions on the left bank of the Rio Bravo, and that the American army was now advancing to take possession of a large part of Tamaulipas. On the 24th March General Taylor reached a point on the route from Matamoras to Point Isabel, eighteen miles from the former, and ten from the latter place, where a deputation sent him a formal protest of the prefect of the northern district of the department of Tamaulipas, declaring, in behalf of the citizens of the district, that they never will consent to separate themselves from the Mexican republic and to unite themselves with the United States. On the 12th of April the Mexican general, Ampudia, required General Taylor to break up his camp within twenty-four hours, and to retire to the other bank of the Nueces River, and notified him that, if he insisted in remaining upon the soil of the department of Tamaulipas, it would clearly result that arms alone must decide the question; in which case he declared that the Mexicans would accept the war to which they had been provoked. On the 24th of April, General Arista arrived in Matamoras, and on the same day informed General Taylor that he considered hostilities commenced, and would prosecute them. On the same day a party of sixty-three American dragoons, who had been sent some distance up the left bank of the river, became engaged with a very large force of the enemy, and after a short

affair, in which about sixteen were killed or wounded, were surrounded and compelled to surrender. These facts were laid before Congress by the President in his message of the 11th of May.

V.—THE CLAIM OF TEXAS TO THE RIO DEL NORTE AS ITS BOUNDARY EXAMINED.

From what precedes it appears that the government of the United States considered the refusal of Mexico to receive a resident envoy or minister as a sufficient cause for war, and the Rio del Norte as the legitimate boundary of Texas. The first opinion is now of no importance; but the question of boundary, which was the immediate cause of hostilities, has to this day been the greatest impediment to the restoration of peace. I feel satisfied that if this was settled there would be no insuperable difficulty in arranging other pretensions.

The United States claim no other portion of the Mexican dominions unless it be by right of conquest. The tract of country between the Rio Nueces and the del Norte is the only one which has been claimed by both parties as respectively belonging either to Texas or to Mexico. As regards every other part of the Mexican possessions, the United States never had claimed any portion of it. The iniquity of acquiring any portion of it, otherwise than by fair compact freely consented to by Mexico, is self-evident. It is in every respect most important to examine the grounds on which the claim of the United States to the only territory claimed by both nations is founded. It is the main question at issue.

The republic of Texas did, by an Act of December, 1836, declare the Rio del Norte to be its boundary. It will not be seriously contended that a nation has a right, by a law of its own, to determine what is or shall be the boundary between it and another country. The Act was nothing more than the expression of the wishes or pretensions of the government. Its only practical effect was that emanating from its Congress, or

legislative body, it made it imperative on the Executive not to conclude any peace with Mexico unless that boundary was agreed to. As regards right, the Act of Texas is a perfect nullity. We want the arguments and documents by which the claim is sustained.

On a first view the pretension is truly startling. There is no exception; the Rio Norte from its source to its mouth is declared to be the rightful boundary of Texas. That river has its source within the department, province, or state of New Mexico, which it traverses through its whole length from north to south, dividing it into two unequal parts. The largest and most populous, including Santa Fé, the capital, lies on the left bank of the river, and is therefore embraced within the claim of Texas. Now, this province of New Mexico was first visited and occupied by the Spaniards, under Vasquez Coronado, in the years 1540 to 1542. It was at that time voluntarily evacuated, subsequently revisited, and some settlements made about the year 1583; finally conquered in 1595 by the Spaniards under the command of Onate. An insurrection of the Indians drove away the Spaniards in the year 1680. They re-entered it the ensuing year, and after a long resistance reconquered it. This was an internal conflict with the aborigines; but as related to foreign powers, the sovereignty of the Spaniards over the territory was never called in question; and it was in express terms made the western boundary of Louisiana in the royal charter of the French government.

The conquest of the province by Onate took place five-and-twenty years prior to the landing of the Pilgrims in New England, and twelve years before any permanent settlement had been made in North America on the shores of the Atlantic by either England, France, Holland, Sweden, or any other power but that in Florida by Spain herself.

I have in vain sought for any document emanating from the republic or state of Texas for the purpose of sustaining its claim either to New Mexico or to the country bordering on the lower portion of the del Norte. The only official papers within my reach, in which the claim of Texas is sustained, are the President's messages of May 11 and December 3, 1846, and

these refer only to the country bordering on the lower part of the del Norte. The portion of the message of May 11, 1846, relating to that subject is as follows: "Meantime, Texas, by the final action of our Congress, had become an integral part of our Union. The Congress of Texas, by its Act of December 19, 1836, had declared the Rio del Norte to be the boundary of that republic. Its jurisdiction had been extended and exercised beyond the Nueces. The country between that river and the del Norte had been represented in the Congress and in the convention of Texas, had thus taken part in the act of annexation itself, and is now included within one of our Congressional districts. Our own Congress had, moreover, with great unanimity, by the Act approved December 31, 1845, recognized the country beyond the Nueces as a part of our territory by including it within our own revenue system, and a revenue officer, to reside within that district, has been appointed by and with the advice and consent of the Senate. It became, therefore, of urgent necessity to provide for the defence of that portion of our country. Accordingly, on the 13th of January last, instructions were issued to the general in command of these troops to occupy the left bank of the del Norte. . . .

"The movement of the troops to the del Norte was made by the commanding general under positive instructions to abstain from all aggressive acts towards Mexico or Mexican citizens, and to regard the relations between that republic and the United States as peaceful, unless she should declare war or commit acts of hostility indicative of a state of war. He was specially directed to protect private property and respect personal rights."

In his annual message of December 8, 1846, the President states that Texas, as ceded to the United States by France in 1803, has been always claimed as extending west to the Rio Grande; that this fact is established by declarations of our government during Mr. Jefferson's and Mr. Monroe's administrations; and that the Texas which was ceded to Spain by the Florida Treaty of 1819 embraced all the country now claimed by the State of Texas between the Nueces and the Rio Grande.

He then repeats the Acts of Texas with reference to their boundaries; stating that "during a period of more than nine years, which intervened between the adoption of her constitution and her annexation as one of the States of our Union, Texas asserted and exercised many acts of sovereignty and jurisdiction over the territory and inhabitants west of the Nueces; such as organizing and defining limits of counties extending to the Rio Grande; establishing courts of justice and extending her judicial system over the territory; establishing also a custom-house, post-offices, a land office, &c."

The President designates by the name of *Texas* the cession of Louisiana by France to the United States, and he again calls the territory ceded to Spain by the Florida Treaty of 1819 *the Texas*. He intimates that the claim of the United States to the territory between the Sabine and the Rio Norte was derived from the boundaries of Texas, and that by claiming as far west as this river, the United States did recognize that it was the boundary of *the Texas*. I really do not understand what is meant by this assertion.

The United States claimed the Rio Norte as being the legitimate boundary of *Louisiana*, and not of Texas. Neither they nor France had ever been in possession of the country beyond the Sabine. Spain had always held possession, and had divided the territory into provinces as she pleased. One of these was called Texas, and its boundaries had been designated and altered at her will. With these the United States had no concern. If their claim could be sustained, it must be by proving that Louisiana extended of right thus far. This had no connection with the boundaries which Spain might have assigned to her province of Texas. These might have extended beyond the Rio del Norte, or have been east of the Rio Nueces. There is not the slightest connection between the legitimate boundaries of Louisiana and those of the Spanish province of Texas. The presumed identity is a mere supposition.

It is not necessary to discuss the soundness of the pretensions to the Rio Norte asserted by Mr. Jefferson and Mr. Monroe, since they were yielded in exchange of Florida and some other objects by the treaty of 1819,—a treaty extremely popular at

the time, and the execution of which was pressed with great zeal and perseverance.

Whenever ultimately ceded to Mexico, that republic fixed its boundaries as it thought proper. Texas and Cohahuila were declared to form a state, and the Rio Nueces was made the boundary of Texas. When Texas declared itself independent, it was the insurrection of only part of a state; for Cohahuila remained united to Mexico. But the Rio Nueces was the boundary between the department of Texas and the state of Tamaulipas. The whole contested territory lies within the limits of Tamaulipas, which never was, under the Mexican government, connected in any shape with Texas.

The question now under consideration is only that between the United States and Mexico, and in that view of the subject it is quite immaterial whether the acts of the United States emanated from Congress or from the Executive. No act of either recognizing the country beyond the Nueces as a part of the territory of the United States can be alleged against Mexico as a proof of their right to the country thus claimed. Any such act is only an assertion, a declaration, but not an argument sustaining the right. It is, however, proper to observe here that the port of delivery west of the Nueces, erected by the Act of Congress "To establish a collection district in the State of Texas," was at Corpus Christi, a place which was in the actual possession of that State.

It must also be premised that, in the joint resolution for the annexation of Texas, the question of the boundary between it and Mexico was expressly reserved, as one which should be settled by treaty between the United States and Mexico.

The only arguments in the President's message which sustain the right of Texas to territory beyond the Nueces are contained in those passages in which it is asserted that the jurisdiction of Texas had been extended and exercised beyond the Nueces; that the country between that river and the del Norte had been represented in the Congress and convention of Texas, had taken part in the annexation itself, and was now included within one of our Congressional districts.

But it is not stated in the President's message how far

beyond the Nueces the jurisdiction of Texas had been extended, nor what part of the country between that river and the del Norte had been represented in the Congress and convention of Texas, and was then included within one of our Congressional districts.

Now the actual jurisdiction beyond the Nueces never extended farther than the adjacent settlement of San Patricio, consisting of about twenty families. That small district, though beyond the Nueces, was contiguous to, and in the actual possession of, Texas. On this account it might be rightfully included within the limits which we were bound to protect against Mexican invasion.

But what was the country between this small settlement of San Patricio, or between Corpus Christi and the Rio del Norte, over which it might be supposed from the message that the jurisdiction of Texas had been extended, so as to be included within one of our Congressional districts? Here, again, Texas had erected that small settlement into a county called San Patricio, and declared that this county extended to the Rio del Norte. This, like all other declaratory acts of the same kind, was only an assertion, not affecting the question of right. The State of Texas might with equal propriety have declared that their boundary extended to the Sierra Madre or to the Pacific. The true question of right to any territory beyond the Mexican limits of the department of Texas depends on the facts, By whom was the territory in question actually inhabited and occupied? and had the inhabitants united with Texas in the insurrection against Mexico?

The whole country beyond the settlement of San Patricio and Corpus Christi till within a few miles of the del Norte is a perfect desert, one hundred and sixty miles wide by the route pursued by General Taylor, as stated by himself, and near one hundred and twenty miles in a straight line.

The only settled part of it is along the left bank of the del Norte, and but a few miles in breadth. This belt was settled, inhabited, and occupied exclusively by Mexicans. It included the town of Laredo, and Mexico had a custom-house at Brazos, north of the mouth of the river. Till occupied by the American

arms it had ever been, and was at the time when invaded by General Taylor, a part of the department of Tamaulipas, and subject to the jurisdiction of the prefect of the northern district of that department.

In the course of the war between Mexico and Texas, incursions had been occasionally made by each party into the territories of the other. A Mexican officer had once or twice obtained temporary occupation of San Antonio, within the limits of Texas; and the Texans had on one occasion taken Laredo itself, and more than once had carried their arms not only to the left bank of the del Norte, but even beyond that river. In both cases the aggressive parties had been repulsed and expelled. The last Texan expedition of that kind took place in December, 1842, and terminated in their defeat at Mier.

That the country adjacent to the left bank of the river was exclusively in the possession of the Mexicans was well known to our government.

When General Taylor marched to the del Norte, he issued an order (No. 30), translated into the Spanish, ordering all under his command to observe with the most scrupulous respect the rights of all the inhabitants who might be found in peaceful prosecution of their respective occupations, as well on the left as on the right side of the Rio Grande. No interference, he adds, will be allowed with the civil rights or religious privileges of the inhabitants.

In June, 1845, General Taylor had been directed to select and occupy, on or near the Rio Grande del Norte, such a site as would be best adapted to repel invasion and to protect our western border. But, on the 8th of July following, the Secretary of War (Mr. Marcy) addressed the following letter to him:

"This Department is informed that Mexico has some military establishments on the east side of the Rio Grande, which are, and for some time have been, in the actual occupancy of her troops. In carrying out the instructions heretofore received you will be careful to avoid any acts of aggression unless an actual state of war should exist. The Mexican forces at the

posts in their possession, and which have been so, will not be disturbed as long as the relations of peace between the United States and Mexico continue."

On the 30th of July, 1845, the Secretary again addresses General Taylor as follows: "You are expected to occupy, protect, and defend the territory of Texas, to the extent that it has been occupied by the people of Texas. The Rio Grande is claimed to be the boundary between the two countries, and up to this boundary you are to extend your protection, only *excepting* any posts on the eastern side thereof which are in the actual occupancy of Mexican forces or *Mexican settlements*, over which the republic of Texas did not exercise jurisdiction at the period of annexation, or shortly before that event. It is expected, in selecting the establishment for your troops, you will approach as near the boundary-line—the Rio Grande—as prudence will dictate. With this view, the President desires that your position, for a part of your forces at least, should be west of the river Nueces."

The Mexican settlements thus excepted are not those over which Texas did not claim jurisdiction, but those on the east bank of the Rio Grande over which Texas did not *exercise* jurisdiction at the period mentioned. The President had no authority to give up the boundary claimed by Texas; but it is clear that at that time, when war was not contemplated, the Administration was of opinion that, till the question was definitely settled, the occupancy by the Mexicans of the territory adjacent the left bank of the del Norte ought not to be disturbed. Neither the subsequent refusal by Mexico to receive a residing envoy nor the successes of the American arms have affected the question of right. The claim of Texas, whether to New Mexico or to the lower portion of the Rio Norte, was identically the same, as invalid and groundless in one case as in the other. Why a distinction has been made by the Executive has not been stated. The fact is that he has established a temporary government for New Mexico as a country conquered, and without any regard to the claim of Texas; whilst, on the other hand, he has permitted that State to extend its jurisdiction over the country lying on the left bank of the del Norte, which, like New Mexico, had been

conquered by the arms of the United States. Not a shadow of proof has been adduced to sustain the pretensions of Texas to that district; and justice imperiously requires that it should, by the treaty of peace, be restored to Mexico.

It so happens that the boundary which may be traced in conformity with this principle is a natural one, and that, as a measure of expediency, none more eligible could have been devised. A desert of one hundred and twenty miles separates the most southwesterly Texan settlements of Corpus Christi and San Patricio from those of the Mexicans on the left bank of the del Norte, than which no boundary could be devised better calculated to prevent collisions hereafter between the two nations. It will be sufficient for that purpose to draw a nominal line through the desert, leaving all the waters that empty into the Rio Norte to Mexico, and all those that empty into the Rio Nueces to Texas, together with such other provisions respecting fortifications and military posts as may be necessary for the preservation of peace.

The line of the Rio Norte is one from which Mexico would be perpetually threatened, and from which their adjacent town on the eastern bank may be bombarded. Such an intolerable nuisance would perpetuate most hostile feelings. With such a narrow river as the Rio del Norte, and with a joint right of navigation, repeated collisions would be unavoidable.

Among these, when there was nothing but a fordable river to cross, slaves would perpetually escape from Texas; and where would be the remedy? Are the United States prepared to impose by a treaty on Mexico, where slavery is unknown, the obligation to surrender fugitive slaves?

Mexico is greatly the weaker power, and requires a boundary which will give her as much security as is practicable. It is not required, either for the preservation of peace or for any other legitimate purpose, that the United States should occupy a threatening position. It cannot be rationally supposed that Mexico will ever make an aggressive war against them; and even in such case the desert would protect them against an invasion. If a war should ever again take place between the two countries, the overwhelming superiority of the navy of the United States

will enable them to carry on their operations wherever they please. They would, within a month, reoccupy the left bank of the Rio Norte, and within a short time effect a landing and carry the war to any quarter they pleased.

Must the war be still prosecuted for an object of no intrinsic value, to which the United States have no legitimate right, which justice requires them to yield, and which even expediency does not require?

VI.—RECAPITULATION.

It is an indisputable fact that the annexation of Texas, then at war with Mexico, was tantamount to a declaration of war, and that the comparative weakness of Mexico alone prevented its government from considering it as such.

Under these circumstances, it was evidently the duty of the United States to use every means to soothe and conciliate the Mexicans, and to wait with patience for an unconditional recognition of the independence of Texas, till the feelings excited by our aggression had subsided.

It has been shown that after Mexico had resorted, as a substitute for war, to the harmless suspension of the ordinary diplomatic intercourse, the attempt to make it retract that measure, before any negotiations for the restoration of harmony between the two countries should be entered into, was neither countenanced by the acknowledged law of nations, nor necessary for any useful purpose, nor consistent with a proper and just sense of the relative position in which the aggressive measure of the United States had placed the two countries. But that the refusal of Mexico to submit to that additional contumely should have been considered as an insult to the United States betrays the pride of power, rather than a just sense of what is due to the true dignity and honor of this nation.

It has been demonstrated that the republic of Texas had not a shadow of right to the territory adjacent to the left bank of the lower portion of the Rio Norte; that, though she claimed,

she never had actually exercised jurisdiction over any portion of it; that the Mexicans were the sole inhabitants and in actual possession of that district; that, therefore, its forcible occupation by the army of the United States was, according to the acknowledged law of nations, as well as in fact, an act of open hostility and war; that the resistance of the Mexicans to that invasion was legitimate; and that therefore the war was unprovoked by them, and commenced by the United States.

If any doubt should remain of the correctness of these statements, let them be tested by the divine and undeniable precept, "Do unto others as you would be done by."

If at this moment France was to contract a treaty of defensive and offensive alliance with Mexico, a treaty taking effect immediately and pending the war between the United States and Mexico, and binding herself to defend it with all her forces against any and every other power, would not the United States at once consider such a treaty as a declaration of war against them?

If, in lieu of declaring war against Great Britain in the year 1812, the United States had only suspended the ordinary diplomatic relations between the two countries, and Great Britain had declared that she would not enter into any negotiation for the settlement of all the subjects of difference between the two countries unless the United States should, as a preliminary condition, restore those relations, would not this have been considered as a most insolent demand, and to which the United States never would submit?

If the United States were, and had been for more than a century, in possession of a tract of country exclusively inhabited and governed by them, disturbed only by the occasional forays of an enemy, would they not consider the forcible military invasion and occupation of such a district by a third power as open and unprovoked war commenced against them? And could their resistance to the invasion render them liable to the imputation of having themselves commenced the war?

Yet it would seem as if the splendid and almost romantic successes of the American arms had for a while made the people of the United States deaf to any other consideration than an

enthusiastic and exclusive love of military glory; as if, forgetting the origin of the war, and with an entire disregard for the dictates of justice, they thought that those successes gave the nation a right to dismember Mexico, and to appropriate to themselves that which did not belong to them.

But I do not despair, for I have faith in our institutions and in the people; and I will now ask them whether this was their mission; and whether they were placed by Providence on this continent for the purpose of cultivating false glory, and of sinking to the level of those vulgar conquerors who have at all times desolated the earth.

VII.—THE MISSION OF THE UNITED STATES.

The people of the United States have been placed by Providence in a position never before enjoyed by any other nation. They are possessed of a most extensive territory, with a very fertile soil, a variety of climates and productions, and a capacity of sustaining a population greater in proportion to its extent than any other territory of the same size on the face of the globe.

By a concourse of various circumstances, they found themselves, at the epoch of their independence, in the full enjoyment of religious, civil, and political liberty, entirely free from any hereditary monopoly of wealth or power. The people at large were in full and quiet possession of all those natural rights for which the people of other countries have for a long time contended and still do contend. They were, and you still are, the supreme sovereigns, acknowledged as such by all. For the proper exercise of these uncontrolled powers and privileges you are responsible to posterity, to the world at large, and to the Almighty Being who has poured on you such unparalleled blessings.

Your mission is to improve the state of the world, to be the "model republic," to show that men are capable of governing themselves, and that this simple and natural form of government

is that also which confers most happiness on all, is productive of the greatest development of the intellectual faculties, above all, that which is attended with the highest standard of private and political virtue and morality.

Your forefathers, the founders of the republic, imbued with a deep feeling of their rights and duties, did not deviate from those principles. The sound sense, the wisdom, the probity, the respect for public faith, with which the internal concerns of the nation were managed made our institutions an object of general admiration. Here, for the first time, was the experiment attempted with any prospect of success, and on a large scale, of a representative democratic republic. If it failed, the last hope of the friends of mankind was lost or indefinitely postponed; and the eyes of the world were turned towards you. Whenever real or pretended apprehensions of the imminent danger of trusting the people at large with power were expressed, the answer ever was, "Look at America!"

In their external relations the United States, before this unfortunate war, had, whilst sustaining their just rights, ever acted in strict conformity with the dictates of justice, and displayed the utmost moderation. They never had voluntarily injured any other nation. Every acquisition of territory from foreign powers was honestly made, the result of treaties not imposed, but freely assented to by the other party. The preservation of peace was ever a primary object. The recourse to arms was always in self-defence. On its expediency there may have been a difference of opinion; that in the only two instances of conflict with civilized nations which occurred during a period of sixty-three years (1783 to 1846) the just rights of the United States had been invaded by a long-continued series of aggressions is undeniable. In the first instance war was not declared, and there were only partial hostilities between France and England. The Congress of the United States, the only legitimate organ of the nation for that purpose, did, in 1812, declare war against Great Britain. Independent of depredations on our commerce, she had for twenty years carried on an actual war against the United States. I say actual war, since there is now but one opinion on that subject; a renewal of the impressment of men

sailing under the protection of our flag would be tantamount to a declaration of war. The partial opposition to the war of 1812 did not rest on a denial of the aggressions of England and of the justice of our cause, but on the fact that, with the exception of impressments, similar infractions of our just rights had been committed by France, and on the most erroneous belief that the Administration was partial to that country and insincere in their apparent efforts to restore peace.

At present all these principles would seem to have been abandoned. The most just, a purely defensive war, and no other is justifiable, is necessarily attended with a train of great and unavoidable evils. What shall we say of one, iniquitous in its origin, and provoked by ourselves, of a war of aggression, which is now publicly avowed to be one of intended conquest?

If persisted in, its necessary consequences will be a permanent increase of our military establishment and of executive patronage; its general tendency to make man hate man, to awaken his worst passions, to accustom him to the taste of blood. It has already demoralized no inconsiderable portion of the nation.

The general peace which has been preserved between the great European powers during the last thirty years may not be ascribed to the purest motives. Be these what they may, this long and unusual repose has been most beneficial to the cause of humanity. Nothing can be more injurious to it, more lamentable, more scandalous, than the war between two adjacent republics of North America.

Your mission was to be a model for all other governments and for all other less-favored nations, to adhere to the most elevated principles of political morality, to apply all your faculties to the gradual improvement of your own institutions and social state, and by your example to exert a moral influence most beneficial to mankind at large. Instead of this, an appeal has been made to your worst passions; to cupidity; to the thirst of unjust aggrandizement by brutal force; to the love of military fame and of false glory; and it has even been tried to pervert the noblest feelings of your nature. The attempt is made to make you abandon the lofty position which your fathers occupied, to sub-

stitute for it the political morality and heathen patriotism of the heroes and statesmen of antiquity.

I have said that it was attempted to pervert even your virtues. Devotedness to country, or patriotism, is a most essential virtue, since the national existence of any society depends upon it. Unfortunately, our most virtuous dispositions are perverted not only by our vices and selfishness, but also by their own excess. Even the most holy of our attributes, the religious feeling, may be perverted from that cause, as was but too lamentably exhibited in the persecutions, even unto death, of those who were deemed heretics. It is not, therefore, astonishing that patriotism carried to excess should also be perverted. In the entire devotedness to their country, the people everywhere and at all times have been too apt to forget the duties imposed upon them by justice towards other nations. It is against this natural propensity that you should be specially on your guard. The blame does not attach to those who, led by their patriotic feelings, though erroneous, flock around the national standard. On the contrary, no men are more worthy of admiration, better entitled to the thanks of their country, than those who, after war has once taken place, actuated only by the purest motives, daily and with the utmost self-devotedness brave death and stake their own lives in the conflict against the actual enemy. I must confess that I do not extend the same charity to those civilians who coolly and deliberately plunge the country into any unjust or unnecessary war.

We should have but one conscience; and most happy would it be for mankind were statesmen and politicians only as honest in their management of the internal or external national concerns as they are in private life. The irreproachable private character of the President and of all the members of his Administration is known and respected. There is not one of them who would not spurn with indignation the most remote hint that, on similar pretences to those alleged for dismembering Mexico, he might be capable of an attempt to appropriate to himself his neighbor's farm.

In the total absence of any argument that can justify the war

in which we are now involved, resort has been had to a most extraordinary assertion. It is said that the people of the United States have an hereditary superiority of race over the Mexicans, which gives them the right to subjugate and keep in bondage the inferior nation. This, it is also alleged, will be the means of enlightening the degraded Mexicans, of improving their social state, and of ultimately increasing the happiness of the masses.

Is it compatible with the principle of democracy, which rejects every hereditary claim of individuals, to admit an hereditary superiority of races? You very properly deny that the son can, independent of his own merit, derive any right or privilege whatever from the merit or any other social superiority of his father. Can you for a moment suppose that a very doubtful descent from men who lived one thousand years ago has transmitted to you a superiority over your fellow-men? But the Anglo-Saxons were inferior to the Goths, from whom the Spaniards claim to be descended; and they were in no respect superior to the Franks and to the Burgundians. It is not to their Anglo-Saxon descent, but to a variety of causes, among which the subsequent mixture of Frenchified Normans, Angevins, and Gascons must not be forgotten, that the English are indebted for their superior institutions. In the progressive improvement of mankind much more has been due to religious and political institutions than to races. Whenever the European nations which from their language are presumed to belong to the Latin or to the Sclavonian race shall have conquered institutions similar to those of England, there will be no trace left of the pretended superiority of one of those races above the other. At this time the claim is but a pretext for covering and justifying unjust usurpation and unbounded ambition.

But admitting, with respect to Mexico, the superiority of race, this confers no superiority of rights. Among ourselves the most ignorant, the most inferior, either in physical or mental faculties, is recognized as having equal rights, and he has an equal vote with any one, however superior to him in all those respects. This is founded on the immutable principle that no one man is born with the right of governing another man. He

may, indeed, acquire a moral influence over others, and no other is legitimate. The same principle will apply to nations. However superior the Anglo-American race may be to that of Mexico, this gives the Americans no right to infringe upon the rights of the inferior race. The people of the United States may rightfully, and will, if they use the proper means, exercise a most beneficial moral influence over the Mexicans and other less enlightened nations of America. Beyond this they have no right to go.

The allegation that the subjugation of Mexico would be the means of enlightening the Mexicans, of improving their social state, and of increasing their happiness, is but the shallow attempt to disguise unbounded cupidity and ambition. Truth never was or can be propagated by fire and sword, or by any other than purely moral means. By these, and by these alone, the Christian religion was propagated, and enabled, in less than three hundred years, to conquer idolatry. During the whole of that period Christianity was tainted by no other blood than that of its martyrs.

The duties of the people of the United States towards other nations are obvious. Never losing sight of the divine precept, "Do to others as you would be done by," they have only to consult their own conscience. For our benevolent Creator has implanted in the hearts of men the moral sense of right and wrong, and that sympathy for other men the evidences of which are of daily occurrence.

It seems unnecessary to add anything respecting that false glory which, from habit and the general tenor of our early education, we are taught to admire. The task has already been repeatedly performed, in a far more able and impressive manner than anything I could say on the subject. It is sufficient to say that at this time neither the dignity or honor of the nation demand a further sacrifice of invaluable lives, or even of money. The very reverse is the case. The true honor and dignity of the nation are inseparable from justice. Pride and vanity alone demand the sacrifice. Though so dearly purchased, the astonishing successes of the American arms have at least put it in the power of the United States to grant any

terms of peace without incurring the imputation of being actuated by any but the most elevated motives. It would seem that the most proud and vain must be satiated with glory, and that the most reckless and bellicose should be sufficiently glutted with human gore.

A more truly glorious termination of the war, a more splendid spectacle, an example more highly useful to mankind at large, cannot well be conceived than that of the victorious forces of the United States voluntarily abandoning all their conquests, without requiring anything else than that which was strictly due to our citizens.

VIII.—TERMS OF PEACE.

I have said that the unfounded claim of Texas to the territory between the Nueces and the Rio Norte was the greatest impediment to peace. Of this there can be no doubt. For if, relinquishing the spirit of military conquest, nothing shall be required but the indemnities due to our citizens, the United States have only to accept the terms which have been offered by the Mexican government. It consents to yield a territory five degrees of latitude, or near 350 miles, in breadth, and extending from New Mexico to the Pacific. Although the greater part of this is quite worthless, yet the portion of California lying between the Sierra Nevada and the Pacific, and including the port of San Francisco, is certainly worth much more than the amount of indemnities justly due to our citizens. It is only in order to satisfy those claims that an accession of territory may become necessary.

It is not believed that the Executive will favor the wild suggestions of a subjugation or annexation of the whole of Mexico, or of any of its interior provinces. And, if I understand the terms offered by Mr. Trist, there was no intention to include within the cessions required the province of New Mexico. But the demand of both Old and New California, or of a sea-coast of more than thirteen hundred miles in length (lat. 23° to 42°),

is extravagant and unnecessary. The peninsula is altogether worthless, and there is nothing worth contending for south of San Diego, or about latitude 32°.

In saying that if conquest is not the object of the war, and if the pretended claim of Texas to the Rio del Norte shall be abandoned there cannot be any insuperable obstacle to the restoration of peace, it is by no means intended to assert that the terms heretofore proposed by either party are at this time proper. And I apprehend that the different views of the subject entertained by those who sincerely desire a speedy and just peace, may create some difficulty. There are some important considerations which may become the subject of subsequent arrangements. For the present, nothing more is strictly required than to adopt the principle of *status ante bellum*, or, in other words, to evacuate the Mexican territory and to provide for the payment of the indemnities due to our citizens. The scruples of those who object to any cession whatever of territory, except on terms unacceptable to the Southern States, might be removed by a provision that would only pledge a territory sufficient for the purpose, and leave it in the possession of the United States until the indemnities had been fully paid.

Was I to listen exclusively to my own feelings and opinions, I would say that, if the propositions which I have attempted to establish are correct, if I am not mistaken in my sincere conviction that the war has been unprovoked by the Mexicans and has been one of iniquitous aggression on our part, it necessarily follows that, according to the dictates of justice, the United States are bound to indemnify them for having invaded their territory, bombarded their towns, and inflicted all the miseries of war on a people who were fighting in defence of their own homes. If all this be true, the United States would give but an inadequate compensation for the injuries they have inflicted by assuming the payment of the indemnities justly due to their own citizens.

Even if a fair purchase of territory should be convenient to both parties, it would be far preferable to postpone it for the present, among other reasons, in order that it should not have the appearance of being imposed on Mexico. There are also

some important considerations, to which it may not be improper to call at this time the public attention.

Our population may at this time be assumed as amounting to twenty millions. Although the ratio of natural increase has already been lessened from thirty-three to about thirty per cent. in ten years, the deficiency has been, and will probably continue for a while to be, compensated by the prodigious increase of immigration from foreign countries. An increase of thirty per cent. would add to our population six millions within ten, and near fourteen millions in twenty, years. At the rate of only twenty-five per cent. it will add five millions in ten, and more than eleven millions in twenty, years. That the fertile uncultivated land within the limits of the States admitted or immediately admissible in the Union could sustain three times that number, is indubitable. But the indomitable energy, the locomotive propensities, and all the habits of the settlers of new countries are such that not even the united efforts of both governments can or will prevent their occupying within twenty, if not within ten, years, every district as far as the Pacific, and whether within the limits of the United States or of Mexico, which shall not have previously been actually and *bona fide* occupied and settled by others. It may be said that this is justifiable by natural law; that, for the same reason which sets aside the right of discovery if not followed by actual occupation within a reasonable time, the rights of Spain and Mexico have been forfeited by their neglect or inability, during a period of three hundred years, to colonize a country which, during the whole of that period, they held undisputed by any other foreign nation. And it may perhaps be observed that, had the government of the United States waited for the operation of natural and irresistible causes, these alone would have given them, without a war, more than they want at this moment.

However plausible all this may appear, it is nevertheless certain that it will be an acquisition of territory for the benefit of the people of the United States and in violation of solemn treaties. Not only collisions must be avoided and the renewal of another illicit annexation be prevented, but the two countries must coolly consider their relative position, and whatever portion

of territory not actually settled by the Mexicans and of no real utility to them they may be disposed to cede, must be acquired by a treaty freely assented to and for a reasonable compensation. But this is not the time for the discussion of a proper final arrangement. We must wait till peace shall have been restored and angry feelings shall have subsided. At present the only object is peace, immediate peace, a just peace, and no acquisition of territory but that which may be absolutely necessary for effecting the great object in view. The most simple terms, those which will only provide for the adjustment of the Texas boundary and for the payment of the indemnities due to our citizens, and, in every other respect, restore things as they stood before the beginning of hostilities, appear to me the most eligible. For that purpose I may be permitted to wish that the discussion of the terms should not be embarrassed by the introduction of any other matter. There are other considerations, highly important, and not foreign to the great question of an extension of territory, but which may, without any inconvenience or commitment, be postponed, and should not be permitted to impede the immediate termination of this lamentable war.

I have gone farther than I intended. It is said that a rallying-point is wanted by the friends of peace. Let them unite, boldly express their opinions, and use their utmost endeavors in promoting an immediate termination of the war. For the people no other banner is necessary. But their representatives in Congress assembled are alone competent to ascertain, alone vested with the legitimate power of deciding, what course should be pursued at this momentous crisis, what are the best means for carrying into effect their own views, whatever these may be. We may wait with hope and confidence the result of their deliberations.

I have tried in this essay to confine myself to the questions at issue between the United States and Mexico. Whether the Executive has in any respect exceeded his legitimate powers,

whether he is for any of his acts liable to animadversion, are questions which do not concern Mexico.

There are certainly some doubtful assumptions of power and some points on which explanations are necessary. The most important is the reason which may have induced the President, when he considered the war as necessary and almost unavoidable, not to communicate to Congress, which was all that time in session, the important steps he had taken till after hostilities, and indeed actual war, had taken place. The substitution for war contributions of an arbitrary and varying tariff, appears to me to be of a doubtful nature, and it is hoped that the subject will attract the early attention of Congress. I am also clearly of opinion that the provisions of the law respecting volunteers, which authorizes them to elect their officers, is a direct violation of the Constitution of the United States, which recognizes no other land force than the army and the militia, and which vests in the President and Senate the exclusive power of appointing all the officers of the United States whose appointments are not otherwise provided for in the Constitution itself. (With respect to precedents, refer to the Act of July 6, 1812, chap. 461 (cxxxviii.), enacted with due deliberation, and which repeals in that respect the Act on same subject of February 6, 1812.)

APPENDIX.

THE GALLATIN GENEALOGY.

Extrait du Regître des affaires des particuliers de la République de Genève

Du 6 avril, 1770.

Filiation des branches existantes de la Famille Gallatin depuis que cette Famille est établie à Genève.

PREMIÈRE BRANCHE.

1. Noble Jean Gallatin De Granges possédait des fiefs en Michaille riere Ardonne, Granges, Musinnens et Arlaud qui sont des villages dans la Michaille, appert des reconnaissances emphithéotiques passées en 1502 et 1503 en faveur de Jean Gallatin et de ses frères fils du dit, lesquels sont qualifiés de Nobles, Vénérables et Egrèges Hommes Seigneurs dans les dites reconnaissances reçues, Berterius de Saint Martin Notaire. Vid. A, No. 1.

2. Jean Gallatin, fils du dit, reçu Bourgeois de Genève en 1510, appert de ses lettres de Bourgeoisie, A, No. 2. Ce Jean Gallatin était Secrétaire du Duc de Savoye, Vicomte Palatin et Protonotaire Apostolique appert des pièces A, No. 3. Il avait épousé Pernette d'Entremonts, appert du contract de mariage passé à Thone le 26 avril, 1507, devant Egrège Guillaume Megex, notaire public, dans lequel on lit: "inter nobilem et egregium virum Joannem Gallatin Ducale Secretarium . . . ex una et nobilem Peronetam filiam Guillielmi de intermontibus." Vid. A, No. 4.

3. Pierre Gallatin, fils du dit Jean, appert d'une reconnaissance par lui passée devant François Voirrier, notaire et commissaire, le 26 octobre, 1557, laquelle porte que la pièce reconnue a été acquise avant les guerres par Noble Jean Gallatin, père du dit Noble Pierre reconnaissant. Vid. cahier cotté x, No. 5. Le dit Pierre avait épousé Noble Jeanne Jordan appert d'un acte d'échange entre la dite dame et Noble Claude Gallatin dans laquelle elle agit comme tutrice de Claude et Marin Gallatin, ses enfans. François Panissot, Notaire. Vid. cahier x, No. 6.

4. Claude Gallatin, fils du dit Pierre et de la dite Jeanne Jordan, appert l'article ci-dessus, marié avec Jeanne De Roches, le 17 janvier, 1563, appert l'acte de célébration de leur mariage, cotté A, No. 7. Le dit Claude Gallatin était Secrétaire d'Etat de la République et il a été Seigneur Syndic.

5. Abraham Gallatin, fils du dit Claude et de la dite Jeanne De Roches, appert son extrait batistaire du 23 février, 1567. Vid. la pièce cottée N. Il épousa Dlle. Sara Villot, appert du contract de mariage, De Monthoux, notaire, le 25 avril, 1590. Vid. cahier x, No. 8. Il fut élu Seigneur Syndic en 1617.

6. Isaac Gallatin, fils du dit Abraham et de la dite Sara, sa femme, appert son extrait batistaire. Vid. la pièce cottée N. Comme encore appert du testament du dit Noble Abraham Gallatin, Seigneur Syndic, son père, fils de Noble Claude Gallatin, jadis aussi Seigneur Syndic, dans lequel testament le dit Isaac est institué héritier avec Pierre et Jérémie ses frères. Vid. cahier x, No. 9. Il épousa Madelaine Durant, comme appert de son contract de mariage, Et. De Monthoux, notaire, le 6 octobre, 1617. Il y est qualifié [fils] de feu Noble et honoré Seigneur Abraham Gallatin naguères décédé en charge de Seigneur Syndic, et où il est dit agir par l'avis de Noble Claude Gallatin son aïeul. Le dit Isaac fut neuf fois Seigneur Syndic, dont cinq fois premier. Il eut l'honneur d'être député par la République au Roy Louis XIII à Lyon en 1641 et au Roy Louis XIV à Dijon en 1650. Le contract de mariage du dit Isaac est au cahier x, No. 10.

7. Ezéchiel Gallatin, fils du dit Isaac et de la dite Madelaine Durant, appert son extrait batistaire du 23 septembre, 1630. Vid. la pièce No. N. Il épousa Françoise Sarrasin comme appert du contract de mariage, Pierre Gautier, notaire, le 3 aoust, 1659, où il est qualifié fils de Noble et honoré Seigneur Isaac Gallatin, Ancien Seigneur Premier Syndic. Vid. cahier x, No. 11. Il fut Seigneur Syndic en 1677.

8. Barthélemy Gallatin, fils du dit Ezéchiel et de la dite Françoise Sarrasin, appert son extrait batistaire du 14 aoust, 1662. Vid. la pièce No. N. Il épousa Dlle. Sara Dupan, appert de l'acte de célébration de mariage du 18 novembre, 1684. Vid. la pièce cottée O. Il fut fait Seigneur Syndic en 1723.

9. Ezéchiel Gallatin, fils du dit Barthélemy et de la dite Sara Dupan, appert son extrait batistaire cotté N. Il épousa Marie Sarrasin, appert l'acte de célébration de son mariage. Vid. la pièce cottée O. Il fut Professeur en Philosophie et Recteur de l'Académie. Il a eu pour fils Barthélemy Gallatin, appert l'extrait batistaire du dit à la pièce N, lequel est actuellement Colonel Commandant la seconde compagnie des Grenadiers à Cheval de S. M. le Roy d'Angleterre.

9. André Gallatin, frère du dit Ezéchiel, fils du dit Barthélemy et de la dite Sara Dupan, appert son extrait batistaire a la pièce N. Il a épousé Dlle. Françoise Sabonnadière. Vid. son contract de mariage reçu Fornet

Notaire le 8 septembre, 1733, No. 12. Il est Seigneur Ancien Premier Syndic de la République. Il a pour frère Jaques Gallatin qui a été Capitaine Lieutenant dans le Régiment Suisse de la Cour au Chantre au service de France, mis dans le Conseil des Deux Cents en 1734.

10. Paul Michel Gallatin, fils du dit André et de la dite Françoise Sabonnadière, appert son extrait batistaire. Vid. la pièce cottée N.

8. Pierre Gallatin, fils du dit Ezéchiel et de la dite Françoise Sarrasin, appert son extrait batistaire à la pièce N. Mis au Conseil des Deux Cents en 1693. Auditeur en 1705. Marié à Eve Dupan, appert de l'acte de célébration de mariage. Vid. la pièce No. O.

9. Paul Gallatin, fils du dit Pierre et de la dite Eve Dupan, appert son extrait batistaire, vid. la pièce N. Il a épousé Marie Colladon, appert son contract de mariage, reçu par Duby, notaire, vid. No. 12. Il est actuellement Pasteur de l'Eglise de Genève et Principal de l'Académie.

10. Jean Louis et Jules Alexandre Gallatin, tous les deux fils du dit Paul et de la dite Marie Colladon, appert de leurs extraits batistaires à la pièce N.

SECONDE BRANCHE.

4. Marin Gallatin, fils de Pierre Gallatin et de Jeanne Jordan, appert d'un acte d'échange cité ci-dessus, voyez No. 6. Il épousa Elisabeth, fille de feu Noble Jean de la Maisonneuve, appert de son contract de mariage, reçu Blondel, notaire, le 18 avril, 1569. Il est encore prouvé que le dit Marin Gallatin était frère de Claude Gallatin, Secrétaire d'Etat, par acte reçu Dubuisson notaire, vidimé par Bon et scellé du sceau de la République, vid. No. 13. Il a été Auditeur du droit et sommaire Justice de la République. Il a eu pour fils premièrement Louis Gallatin, appert son extrait batistaire No. N. Lequel Louis fut tué en 1602 à l'Escalade où il s'était très-distingué comme il est dit dans l'inscription sur pierre au Temple de Saint-Gervais.

5. Aimé Gallatin, fils du dit Marin Gallatin et de la dite Elisabeth de la Maisonneuve, appert son extrait batistaire à la pièce N. Il épousa Madelaine Humbert, appert de l'acte de célébration de son mariage, No. 32. Il est bien constaté que c'est bien le même Aimé Gallatin, fils de Marin, qui épousa Madelaine Humbert, premièrement par un contract de mariage en secondes noces avec Françoise Lullin, No. 17, où il est dit Auditeur et fils de Marin; et 2° par les contracts de mariages de ses fils où ils sont dit fils de Noble Aimé, Conseiller d'Etat, et de Madelaine Humbert; or il est certifié par les Regîtres publics que le dit Aimé Gallatin, Conseiller, est le même qui était Auditeur en 1631, et qui fut fait Conseiller en 1637.

6. Aimé Gallatin, fils du dit Aimé Gallatin, et de la dite Madelaine Humbert, appert son extrait batistaire. Vid. la pièce N. Il épousa Dlle. Elisabeth Bordier, appert son contract de mariage, reçu Pierre Gautier notaire, le 30 mars, 1637. Il fut fait Conseiller du Conseil des Deux

Cents en 1638. Son frère aîné Abraham fut Seigneur Syndic en 1653 et 1657.

7. Pierre Gallatin, fils du dit Aimé Gallatin et de la dite Dlle. Elisabeth Bordier, appert son extrait batistaire, vid. la pièce N, appert aussi d'un acte de cession, reçu Deharsu notaire, le 26 aoust, 1680. Vid. No. 14. Il épousa Dlle. Jeanne Alleon, appert l'acte de célébration de son mariage, vid. pièce O, appert encore de son testament, reçu Grosjean notaire le 11 janvier, 1686. Vid. cahier x, No. 15.

8. Jaques Gallatin, fils du dit Pierre Gallatin et de la dite Jeanne Alleon, appert son extrait batistaire, vid. la pièce N, appert aussi du testament du dit Pierre Gallatin son père cité ci-dessus. Vid. cahier x, No. 15. Il épousa Dlle. Susanne fille de feu Noble Philippe De Choudens De Grema, appert son contract de mariage, reçu Pasteur notaire le 19 mars, 1722, vid. No. 16.

9. Abraham Gallatin, fils du dit Jaques Gallatin et de la dite Susanne De Choudens, appert son extrait batistaire, vid. la pièce N. Il épousa Dlle. Anne Pictet, appert son contract de mariage, reçu Flournois notaire le 23 février, 1757. Vid. No. 17. Il a été élu au Conseil des Deux Cents en 1758.

10. Gaspard Gabriel et Abraham Gallatin, tous deux fils du dit Abraham Gallatin et de la dite Dlle. Anne Pictet, appert leurs extraits batistaires. Vid. la pièce N.

9. Pierre Gallatin, fils du dit Jaques Gallatin et de la dite Dlle. Susanne De Choudens De Grema, appert son extrait batistaire, vid. pièce N. Il épousa Dlle. Camille Pictet, fille de Noble Jean Louis Pictet, Seigneur Syndic, appert son contract de mariage reçu Delorme notaire le 21 décembre, 1737. Vid. No. 18. La dite Dlle. Camille Pictet était fille de Catherine Gallatin, sœur de François Gallatin qui fut tué au siège d'Ostende, Capitaine de Grenadiers au Régiment Suisse de la Cour au Chantre, et fille de Abraham Gallatin que l'Empereur Joseph reconnut être d'ancienne Noblesse et extraction par lettres patentes de 1707. Vid. No. 19.

10. Jean Louis Gallatin, fils du dit Pierre Gallatin et de la dite Camille Pictet, appert son extrait batistaire, vid. pièce N. Il est actuellement premier lieutenant dans le régiment des Gardes Suisses au service de Sa Majesté Très-Chrétienne. Il a épousé Dlle. Susanne Elisabeth Sellon, fille de Mr. Jean François Sellon, ci-devant Ministre de la République auprès de S. M., appert son contract de mariage reçu Flournois notaire le 18 octobre, 1766. Jaques Gallatin, son frère, a été tué à l'affaire de Warbourg, où il était Sous-Lieutenant de la Compagnie De Gallatin au Régiment Suisse De Plantaz. Le dit Jean Louis Gallatin a encore un frère appellé Pierre, appert son extrait batistaire, vid. la pièce N.

TROISIÈME BRANCHE.

6. Louis Gallatin, fils du dit Aimé Gallatin, premier du nom, et de la dite Madelaine Humbert, appert son extrait batistaire, vid. la pièce N.

Il épousa Dlle. Victoria Carcassola, appert de son contract de mariage, reçu Pinault notaire le 5 aoust, 1638, No. 20. Il fut élu Conseiller au Conseil des Deux Cents en 1640.

7. Jean Gallatin, fils du dit Louis Gallatin et de la dite Dlle. Victoria Carcassola, appert de son extrait batistaire, vid. la pièce N. Il avait épousé Dlle. Françoise Gallatin, appert du contract de mariage et de l'extrait batistaire de son fils Jean ci-après cités, et il est justifié que Jean Gallatin qui dans le dit contract de mariage est dit avoir épousé Françoise Gallatin est le même dont il s'agit ici, soit par transaction reçue Lenieps notaire le 1 may, 1672; soit par le testament de Jean Carcassola, son grand-père, reçu Pinault notaire le 24 8bre, 1659. Vid. les dits testament et transaction, No. 21 et 22.

8. Jean Gallatin, fils du dit Jean Gallatin et de la dite Dlle. Françoise Gallatin, appert son extrait batistaire, vid. pièce N. Il avait épousé Dlle. Barbe Gervaix, appert son contract de mariage cité ci-dessus, reçu Beddevole notaire le 4 avril, 1705. Il fut élu Conseiller au Conseil des Deux Cents en 1721.

9. Abraham Gallatin, fils du dit Jean Gallatin et de la dite Dlle. Barbe Gervaix, appert son extrait batistaire, vid. la pièce N. Il a épousé Dlle. Louise Susanne Vaudenet, appert de l'acte de la célébration de son mariage du 7 avril, 1732. Vid. la pièce O. Il fut élu Conseiller au Conseil des Deux Cents en 1738. Il a été élu Auditeur en 1742, et il est actuellement Trésorier de la Chambre des Bleds.

10. Jean Gallatin, fils du dit Abraham Gallatin et de la dite Dlle. Louise Susanne Vaudenet, appert son extrait batistaire. Vid. la pièce N. Il épousa Dlle. Sophie Albertine Rolaz, appert son contract de mariage reçu Magnin notaire à Rolle le 16 janvier, 1755. No. 24.

11. *Abraham Albert Alphonse Gallatin*, fils du dit Jean Gallatin et de la dite Dlle. Sophie Albertine Rolaz, appert son extrait batistaire. Vid. pièce N.

QUATRIÈME BRANCHE.

6. Jean Gallatin, fils du dit Aimé Gallatin, premier du nom, et de la dite Madelaine Humbert, appert de son extrait batistaire, vid. la pièce N. Il épousa Dlle. Gabrielle Chouët, appert son contract de mariage, reçu Jouvenon notaire le 1 9bre, 1647, vid. No. 25 au cahier x; a été élu Conseiller au Conseil des Deux Cents en 1649.

7. Abraham Gallatin, fils du dit Jean Gallatin et de la dite Dlle. Gabrielle Chouët, appert son extrait batistaire, vid. la pièce N. Il épousa Dlle. Camille Fatio, appert des conventions matrimoniales du 5 février, 1685. Vid. cahier x, No. 26; mis en Conseil des Deux Cents en 1684. C'est celui que l'Empereur Joseph reconnut de famille et extraction Noble par les lettres patentes citées ci-dessus, à l'article Pierre Gallatin.

8. André Gallatin, fils du dit Abraham Gallatin et de la dite Camille Fatio, appert son extrait batistaire. Vid. la pièce N. Il épousa Dlle.

Anne Sarrasin, appert de son contract de mariage, reçu Joly notaire le 6 avril, 1705. No. 27. Il a été fait Seigneur Syndic en 1737.

9. Jean Gallatin, fils du dit André Gallatin et de la dite Dlle. Anne Sarrasin, appert son extrait batistaire, vid. la pièce N ; est entré au Conseil des Deux Cents en 1746.

9. Abraham Gallatin, fils du dit André Gallatin et de la dite Dlle. Anne Sarrasin, appert son extrait batistaire, vid. pièce N. Il épousa Dlle. Marie Saladin, appert son contract de mariage, reçu Delorme notaire le 12 9bre, 1751. No. 28 ; mis en Deux Cents, 1752. Capitaine dans le Régiment Suisse de Baltazard, actuellement Jenner au service de S. M. T. C.

10. Gabriel Gallatin, fils du dit Abraham et de la dite Dlle. Marie Saladin, appert son extrait batistaire. Vid. la pièce O.

8. Jaques Gallatin, fils du dit Abraham Gallatin et de la dite Dlle. Camille Fatio, appert son extrait batistaire, vid. la pièce N. Il a été fait Conseiller d'Etat en 1750. Il a fait héritier la Bourse de la famille Gallatin qui avait été fondée par François Gallatin son oncle, à l'imitation de plusieurs fondations semblables qui ont été faites à Berne sous les mêmes conditions.

8. François Gallatin, fils du dit Abraham Gallatin et de la dite Dlle. Camille Fatio, appert son extrait batistaire, vid. la pièce N. Il a épousé Dlle. Elisabeth Bégon, appert son contract de mariage, reçu Fornet notaire le 15 février, 1732. No. 29. C'est celui qui a été tué au siège d'Ostende à l'attaque du chemin couvert, étant Capitaine de Grénadiers au Régiment de la Cour au Chantre, actuellement Jenner.

9. Jean Gallatin, fils du dit François Gallatin et de la dite Dlle. Elisabeth Bégon, appert son extrait batistaire, vid. la pièce N. Il a été élu Conseiller au Conseil des Deux Cents en 1764. Il est actuellement Capitaine au Régiment Suisse de Jenner.

N.B.

6. Pierre Gallatin, fils de Abraham Gallatin et de Dlle. Sara Villot, appert son extrait batistaire, vid. la pièce N. Il épousa Dlle. Catherine De Relinghen, appert du contract de mariage reçu Pinault notaire le 27 aoust, 1635. Vid. cahier x, No. 30.

7. Jean Antoine Gallatin, fils du dit Pierre Gallatin et de la dite Dlle. Catherine De Relinghen, appert d'acte de donation entre vifs passé par Dlle. Anne Catherine De Relinghen, veuve de Noble Pierre Gallatin, Ancien Procureur-Général de cette République, en faveur des Nobles Odet, Ferdinand et Jean Antoine Gallatin, ses fils. Le dit acte reçu Grosjean notaire le 24 7bre, 1664.

Nous Syndics et Conseil de la Ville et République de Genève certifions que la famille Gallatin nous aurait présenté Requête aux fins de commettre un des Seigneurs Secrétaires d'État pour collationner aux originaux les titres énoncés dans la Généalogie de la dite famille, et en

expédier un certificat authentique de vérité, et qu'il nous plût y joindre une attestation sur le rang honorable que la dite famille a toujours tenu dans Genève. A laquelle Requête favorablement inclinants et ouï le rapport de Noble Lullin, Seigneur Conseiller et Secrétaire d'Etat nommé commissaire, nommé par Décret du 3 février, 1770, pour les fins requises, certifions que les titres énoncés dans la Généalogie de la famille Gallatin sont conformes aux originaux, et de plus que la dite famille a toujours tenu dans notre Ville un rang honorable et distingué, et que plusieurs des membres qui l'ont composé et la composent ont été revêtus des premiers emplois de l'Etat et en ont bien mérité. En foi de quoi nous avons expédié le présent certificat pour servir où besoin sera, sous notre sceau et seing de notre Secrétaire à Genève ce 6 avril, 1770.

Par mes dits Seigneurs Syndics et Conseil.

[L.S.] Signé LULLIN.

Extrait du Regître des affaires des particuliers de la République de Genève :

Du 17 novembre, 1786.

Nous Conseiller d'État soussigné, commis par arrêt de Nos Magnifiques et très-Honorés Seigneurs Syndics et Conseil de la Ville et République de Genève mis sur la requête à eux présentée par le Sieur Jean Louis Comte de Gallatin, Citoyen, en son nom et celui de sa famille, aux fins d'obtenir après due vérification des titres que la famille Gallatin et tous les individus qui la composent soyent qualifiés dans tous les actes publics du nom de *De Gallatin* qui est leur véritable nom. Le dit arrêt en date du 2 février, 1786, renvoyant le suppliant par-devant nous pour l'ouir plus particulièrement et rapporter :

Certifions que le dit Sieur Comte de Gallatin s'étant présenté par-devant nous, nous a exhibé les actes suivants, savoir :

1°. Un acte de quittance fait par Halasie Abbesse de Belle Combe à Noble Homme Messire Jean De Marcilliaco Chevalier de la somme de quinze livres viennoises léguées au dit Couvent de Belle Combe par feu Messire Faulcherius Gallatini Chevalier (miles) pour célébrer un anniversaire de quinze sols viennois le jour de son décès ; du mois de juillet, 1258 ; scellé du sceau de la dite Abbesse. Original écrit en Latin sur parchemin scellé sur double queue de même du dit sceau (le sceau perdu).

Nos Halasia abbatissa de Bella Comba notum facimus universis presentes litteras inspecturis quod nos habuimus et recepimus ad opus con-

ventus nostri a nobili viro Domino Johanne de Marcilliaco milite quindecim libras viennenses quas dictas quindecim libras viennenses Dominus Fulcherius Gallatini miles defunctus pro anima sua legavit conventui nostro de Bella Comba pro quodam anniversario quindecim solidos viennenses dicto conventui die obitus sui annualim faciendo quod anniversarium quindecim solidorum viennensium debitale assignamus et ascedimus de voluntate et consensu conventus nostri in manso quod vulgariter appellatur deuz Cayre. Remunerantes in hoc facto ex certa scientia exceptioni non numeratæ et non receptæ pecuniæ doli mali et metus causa epistolæ divi Adriani et legum de tempore quadrimestri et omni auxilio juris canonici et civilis.

In cujus rei testimonium presentibus litteris sigillum nostrum duximus apponendum et dicto Domino Johanni tradidimus ad majoris vinculum firmitatis. Datum anno domini millesimo ducentissimo quinquagesimo octavo mense Julii.

2°. Une transaction passée le 2 des nones de décembre, 1319, entre Magnifique Prince et Puissant Seigneur Guillaume Comte de Genevois et Humbert de Chastillon, Chevalier, Seigneur du dit lieu: dans laquelle sont mentionnés comme témoins le Seigneur Guillaume Gallatini, Chevalier, et Humbert Gallatini, son fils, Damoiseau (Domino Gallatini milite et Humberto Gallatini ejus filio Domicello). Original écrit en Latin sur parchemin auquel pend le sceau du Comte de Genevois.

Anno ab incarnatione Domini millesimo trecentesimo decimo nono, secunda nona Decembris per hoc presens publicum instrumentum cunctis appareat evidenter quod esset mota quæstio et dissentionis materia inter magnificum principem et potentem dominum Guillelmum comitem gebennensem ex parte una et Humbertum de Castellione militem dominum dicti loci ex altera super eo quod dictus dominus de Castellione dicebat et asserebat se et predecessores suos habere et antiquitus habuisse omnimodum usagium ad ardendum ad ædificandum ad pasturam animalium et ad omnia sibi necessaria in foresta de asseria ex concessione et dono antecessorum dicti domini comitis: præfato domino comite in contrarium asserente et dicente quod prædicta foresta sibi ac predecessoribus suis integrum spectaverit et pertinuerit spectatque et pertinet de jure et de consuetudine: Tandem post multas altercationes habitas hinc inde dictæ partes nomine suo et heredum suorum et successorum inter ipsas transigendo ad pacem et concordiam in hunc modum qui sequitur devenerunt. Videlicet quod præfatus dominus de Castellione habeat et habere debeat omnimodum usa-

gium ad ardendum ad ædificandum ad pasturam animalium et ad omnia sibi necessaria in parte prædictæ forestæ prout sequuntur limitationes istæ : videlicet a parte de Chalung a rivo de Ciers recte tendendo per nantum de canali dictum daptem superius tendendo per dictum nantum usque ad quem terminum lapideum [surdum cruce signatum] positum in summitate dicti nanti et a dicto termino in summitate dicti nanti tendendo versus quemdam terminum positum juxta Orlas de Anteret a parte de Lornay et ab hinc recte tendendo versus quemdam terminum positum in summitate terrarum domini Guillelmi Gallatin militis et ab hinc recte tendendo versus quemdam terminum qui dividit superius montem terras Aymonis de Lornay domicelli et illorum de Anteret recte tendendo versus nantum domini de Chatagni et a monte de Chatagni usque ad Ciers et a quodam termino posito juxta quemdam lapidem surdum juxta fontem domini Crat et a dicto termino posito versus quoddam saxum et ab hinc recte tendendo versus quemdam terminum lapideum positum juxta nantum domini de Barbollion vel de Ernes et ab hinc recte tendendo versus quemdam nantum prout dividit dictos nantos insuperius montem dictum Chacellare et a monte dicto de Ventagny usque ad Ciers.

Quamquidem transactionem et concordiam dictæ partes nomine suo et successorum suorum omolgare expresse ratificare confirmare approbare promiserunt : videlicet dominus comes per juramentum suum tactis evangeliis sacrosanctis et sub obligatione et hypotheca bonorum suorum præmissa omnia in omnibus suis articulis rata grata et firma tenere et inviolabiliter observare et in contrarium non venire per se vel per alium in solidum vel in parte sed in contrarium venire volentibus si quod absit contradicere in judicio et extra de jure et de facto suis propriis sumptibus et expensis se opponere legitimum defensorem : Et vice versa dictus de Castellione per juramentum suum tactis evangeliis sacrosanctis et sub obligatione bonorum suorum universa et singula suprascripta rata grata habere tenere et inviolabiliter observare et contra prædicta seu aliquod de prædictis per se sive per alium in toto et in parte in posterum non venire nec alicui contravenienti in aliquo consentire. Præfatusque dominus comes tenore præsentium mandat et precipit castellanis suis judicibus ballivis procuratoribus et aliis officiariis suis et familiaribus tam præsentibus atque futuris quemcunque de præmissis et eorum cujuslibet prout superius est expressum dictum Humbertum heredes et successores suos uti ibidem omni impedimento cessante nec eum in præmissis impediant vel perturbent sed eum in prædicto usagio ab omnibus et contra omnes manuteneant et defendant. Remunerantes dictæ partes per eorum juramenta ut supra in hoc facto prout cuilibet earum competit actioni exceptioni in factum non cognitioni deceptioni lesioni et generaliter omni juri canonico et civili scripto et non scripto statutis et consuetudinibus exceptionique juris et facti per quæ possent contra præmissa vel aliquid de præmissis in aliquo contravenire. Actum est hoc apud Chalung testibus ad hoc vocatis et rogatis domino Roberto de Ravoyria milite domino Gallatini milite et Humberto

Gallatini domicello ejus filio Guillelmo cacheti scutifero et Petro de Rumilli jurisperito. Et ego Johannes Faber de Attavilla clericus auctoritate imperiali notarius publicus curiæque domini comitis Gebennensis juratus qui præmissa rogatus feci hang cartam scripsi signo meo una cum signo communi prædicti domini comitis signavi et fideliter tradidi consignatam.

Nos præfatus comes ut prædicta omnia et singula suprascripta majorem obtineant roboris firmitatem sigillum nostrum præsenti publico instrumento duximus apponendum in testimonium veritatis. Et promitimus bona fide universa et singula pro nobis et successoribus nostris attendere adimplere et irrevocabiliter observare prout superius sunt expressa.

Datum die et anno quibus supra. Sigilla.

3°. Acte d'Hommage lige prêté par Noble Jean Gallatini d'Arlod, fils de feu Humbert Gallatini Damoiseau, à Messire Jean de Chatillon, Chevalier, de ce qu'il tenait de lui au territoire de Chatillon le 1 mars, 1334. Original en parchemin, écrit en Latin, auquel est jointe une copie collationnée le 15 janvier, 1776, par Spectable Rocca Commissaire-Général de la République de Genève ; sur l'original représenté par Madame Gallatin veuve Pictet et expédiée sous le sceau de l'État, légalisée par le Résident de France, signée Hennin, avec le sceau.

4°. Testament de Noble Jean Gallatin d'Arlod, en date du 13 septembre, 1360, par lequel il ordonne sa sépulture dans l'Eglise d'Arlod et institue ses héritiers universels Nobles Henri et Pierre Gallatini ses neveux, enfans de feu Noble Guillaume Gallatini et de Noble Jeannette de Gingins (De Gingino) sa femme. Original écrit en Latin sur parchemin, signé de la marque de Jean Salanchi, clerc notaire juré de la cour de l'official de Genève.

Nos officialis gebennarum notum facimus universis presentes litteras inspecturis : Ex coram mandato nostro videlicet Johanne Salanchi clerico notario curiæque nostræ jurato ad hæc a nobis deputato presentibus etiam testibus infrascriptis : Personaliter constitutus Nobilis Johannes Gallatini parochiæ Arlodi sanus mente licet debilis corpore in bona [salute] tamen et bona memoria per Dei graciam existens attendens et considerans quod nihil est certius morte nihilque incertius hora mortis timens etiam mortis periculum volens sibi providere ne decederet intestatus ob hoc ad honorem et laudem Dei Patris Omnipotentis et beatæ gloriosæ Virginis Mariæ ejus filii matris [curiæ] que celestis et omnium sanctorum et sanctarum Dei de rebus et bonis suis juribus et actionibus mobilibus et immobilibus ad se quoquomodo pertinentibus sibi a Deo collatis suam ultimam voluntatem seu

suum testamentum nuncupativum facit disponit et ordinat prout sequitur in hunc modum:

Imprimis animam suam recommendat altissimo suo creatori qui eum in ara crucis redemit suo sanguine precioso. Item vult et precipit clamores suos si qui sint de plano pacificari debita sua reddi legata et elemosinas suas persolvi per manus executorum suorum quos inferius nominabit. Item in ecclesia Arlodi eligit sepulturam suam ita tamen quod heredes sui infrascripti corpus ipsius Johannis testatoris faciant honorifice sepelire juxta et secundum statum. Item vult et precipit dominus testator quod celebrentur pro remedio animæ suæ et parentum suorum mille missæ per decem annos inchoandos a tempore et die sui obitus, videlicet quolibet anno centum missæ pro quibus celebrandis vult et precipit dari et solvi pro qualibet missa unum grossum valentem tres obolos ad voluntatem executorum.

Item luminare dictæ ecclesiæ Arlodi vult et precipit dari et solvi octo grossos de floreno semel. Item vult et precipit predictus testator quod triginti floreni familiaribus suis ipsius testatoris qui ipsi servitia hactenus reddunt dentur deliberentur et solvantur ad libitum et voluntatem dictorum suorum executorum. Item Nobiles Henricum et Petrum Gallatini nepotes suos carissimos liberos quondam Nobilis Guillemini Gallatini et Nobilis Johannæ de Gingino ejus uxoris heredes universales sibi instituit testator super nominatus equaliter et equali portione: hujus autem suæ ultimæ voluntatis executores suos facit constituit creat et ordinat idem testator videlicet Nobiles Andream de Glerens et Anthonium Gallatini quibus duobus exequatoribus suis aut uni ipsorum si ambi non possint aut nollent interesse similiter ac inviolabiliter dat donat cedit possidet et concedit plenam generalem et liberam potestatem ac speciale mandatum hanc suam ultimam voluntatem exequendi bona sua res et possessiones tenendi apprehendendi vendendi et alienandi auctoritate sua propria si necesse fuerit pro hac sua ultima voluntate exequendi clamores suos pacificandi debita sua et legata solvendi et generaliter omnia alia universa et sui gracia faciendi quæ dictus Johannes testator faceret aut facere posset et deberet si vivus esset. Hanc autem suam ultimam voluntatem solam et unicam revocata omnia alia et alias unquam fecit in scriptis vel sine scriptis vult valere predictus testator jure testamenti in scriptis et si non valet jure testamenti in scriptis vult quod valeat jure testamenti nuncupativi vel jure codicillorum et si non valet jure codicillorum vult valere secundum leges et canonicas sanctiones vel secundum quas consuetudines approbatas.

Rogans et requirens dictus testator testes presentes masculos et puberes ut ipsi de hac sua ultima voluntate seu testamento nuncupativo perhibeant testimonium veritatis loco et tempore competenti rogans insuper et requirens prædictus testator prelatum notarium et juratum ut ipse prædictam suam ultimam voluntatem seu testamentum suum nuncupativum redigat et inde faciat publicum instrumentum. In quorum omnium et singulorum

robur fidem et testimonium ad preces et requisitionem prædicti testatoris nobis oblatas per relationem dicti jurati nostri cui super hiis fidem plenariam adhibemus sigillum dictæ curiæ nostræ hiis præsentibus litteris duximus apponendum. Acta fuerunt hæc Arlodi die septima mensis Septembris anno domini millesimo tercentesimo sexagesimo presentibus nobili Humberto de Villeta Jacobo Villerii de billiaco Petro de Arpignaco Johanne de treula hugene Rollandi de mocello petro benzerii et Johanne Dosiati Arlodi pro testibus vocatis et rogatis. Ego vero Johannes Salanchi Clericus dictæ curiæ domini officialis Gebennarum notarius et juratus premissis omnibus et singulis presens interfui una cum testibus superius nominatis presentique testamento seu ultimæ voluntati manu mea propria scriptæ subscripsi et signavi signo meo vocatus a dicto testatore specialiter et rogatus.

5°. Abergement fait le 29 octobre, 1402, par Noble Henri Gallatini des Granges (de Grangies) à François Tissot, d'un pré situé dans la paroisse d'Arlod, acquis autrefois par Noble Humbert Gallatini, Damoiseau, grand-père du dit Henri, par acte reçu par Perronnet Mistralis le 3 janvier, 1325. Expédition faite par Spectable Rocca, Commissaire-Général de la République de Genève, dûment collationnée et légalisée par le Magnifique Conseil et le Résident de France le 31 janvier, 1776.

6°. Testament de Agnès de Lenthenay, femme de Noble Henri Gallatini des Granges, du 21 juillet, 1397, dans lequel elle mentionne Anne Gallatini sa fille, et institue héritier Jean Gallatini son fils. Original écrit en Latin sur parchemin, signé de la marque d'Aymonet Joly, notaire qui avait reçu le dit testament.

7°. Ratification et approbation de Louis Duc de Savoye à une acquisition faite par Noble Jean Gallatini des Granges de certains héritages situés dans la paroisse d'Arlod mouvants en partie du fief et emphytéose de ce Prince ; acte original écrit en Latin, du 28 juillet, 1455, daté de Chambéry, signé Lapart. Dans lesquelles lettres le Prince qualifie le dit Noble Jean Gallatini *Dilectum scutiferum nostrum ;* Notre Ami Ecuyer ; et lui fait remise des lods qui lui étaient dus en considération des services rendus au dit Prince et à ses prédécesseurs par le dit Jean Gallatini et ses prédécesseurs.

8°. Expédition originale sur papier, faite par Garnier et Colognier notaires environ l'an 1560 en faveur de Noble Jean François Colognier et de Claudine, fille de feu Noble Antoine Gallatini, sa femme, de reconnaissances stipulées par Pierre Hudrisseti de Mussel, les 8 mars, 1502, 14 septembre, 1502, 1er mars, 1503, et 26 juin, 1503, en faveur des Nobles Claude, Pierre, Louis, et Jean Gallatini, enfants de feu Noble Jean Gallatini, de divers particuliers possédants divers fonds relevants des fiefs acquis des Nobles Bouziers d'Arlod par Noble Jean Gallatini leur père.

9°. Acte d'Hommage de Noble Claude Gallatini fils de feu Noble Jean

Gallatini, Ecuyer du Duc de Savoye, en faveur de Noble et Puissant Seigneur François de Gerbais (de Gerbasio) le 21 janvier, 1505, d'un fief Noble, Franc et Honoré, reconnu précédemment par Noble Henri Gallatini des Granges, son Ayeul. Le dit hommage fait à la manière des Nobles, ténorisée en détail. Original en parchemin signé de la marque du dit notaire.

10°. Lettres de Philibert Duc de Savoye données à Genève le 27 septembre, 1498, par lesquelles ce Prince retient Noble Jean Gallatini de Arlod pour l'un de ses Secrétaires. Original en parchemin signé Muthonis avec le sceau.

11°. Contract de Mariage entre Noble et Egrège Homme Jean Gallatini, Secrétaire Ducal, Juré de la Cour spirituelle de Genève, et Noble Perronnette fille de Noble Guillaume d'Entremonts (de Intermontibus), Bourgeois de Thone, stipulé à Thone le 26 avril, 1507, par Guillaume Megex, notaire public, dans lequel interviennent Nobles Claude et Louis Gallatini, comme frères et cautions de l'époux. Expédition faite ensuite d'une requête et d'un décret rapporté au No. 17. Signé Butini avec le sceau.

12°. Lettres données par Melchior de Guerrariis Comte Palatin., &c., en vertu du privilège au dit Melchior accordé par le Pape Leon X, par lesquelles il crée Vénérable Homme le Seigneur Jean Gallatini Citoyen de Genève (venerabilis vir Dominus Johannes Gallatinus civis Gebennensis), Notaire, Tabellion et Vicomte Palatin, avec pouvoir de créer 150 autres notaires et de légitimer 150 bâtards, &c. Original en parchemin, daté du 26 novembre, 1522.

N.B.—Il faut remarquer que le mot Burgensis n'étant pas Latin, les actes anciens employaient celui de Civis, d'autant plus que la différence qu'on fait à Genève entre les Citoyens et les Bourgeois n'était pas alors connue.

13°. Le Contract de Mariage de Noble Pierre fils de feu Noble Jean Gallatini et de Noble Perronnette d'Entremonts, avec Noble Jeanne fille de Noble et Egrège Etienne Jordan et de Noble Jeanne Gruel, du 15 décembre, 1539. Stipulé par Janus de Bossons. Expédition faite par extrait par Spectable Rocca Commissaire-Général et gardiateur des Archives de la République, légalisée le 6 février, 1757, par les Syndics et Conseil, signé De Chapeaurouge, avec le sceau en placard.

14°. Lettres de Philippe Duc de Nemours Comte de Genevois, par lesquelles ce Prince accorde aux Nobles Pierre, Louis et Claude Gallatini, fils de feu Noble Jean Gallatini, qu'il qualifie ses Amés (dilectos nostros), en Abergement perpétuel, divers biens qui avaient appartenu à feu Guillaume d'Entremonts, lesquels étaient tombés en commise, le dit Guillaume étant mort sans enfans mâles et n'ayant laissé que des filles. Datées d'Annecy le 6 mai, 1533. Signées Pélard.

15°. L'Histoire de Bresse et Bugey, &c., par Guichenon, imprimée à Lyon en 1650, dans laquelle au nombre des Gentilshommes qui rendirent foi et hommage au Roi François Ier lors de la réduction des Pays de Bresse,

Bugey et Valromey à son obéissance, on trouve, "Pierre de Gallatin a fait le fief de toutes les rentes qu'il tient au mandement de St. Genis" le 2 mai, 1536, page 58 à 60.

16°. Plusieurs lettres en original sur papier, écrites par Pierre Gallatin à Louis Gallatin, son frère. Une entr'autres datée du 30 décembre, 1553, adressée: "à Noble Louis Gallatin mon cher frère à Thone," signée Pierre Gallatin, nomme Jeanne sa femme, et dit: "Et quand à ce que par votre dite lettre, dites que le neveu Antoine désire avoer son cusin Claude, je vous promets que je serois très aise que vous le nous voulsissiés mander avec ses cusins Claude et Marin."

17°. L'original d'un acte mentionnant une requête présentée le 15 juillet, 1594, au Tribunal de la Justice de Genève par Noble Antoine Gallatin, de laquelle ainsi que de l'expédition mentionnée au No. 11, il résulte que le dit Antoine se disait petit-fils des Nobles Jean Gallatin et Perronnette d'Entremonts, et demandait que des titres qui étaient entre les mains de Noble Claude Gallatin, son cousin, il lui en fût donné copie. Le dit acte contenant la copie des lettres de Secrétariat dont l'original est rapporté No. 10. Signé Butini avec le sceau.

18°. Un vieux papier d'ancienne écriture intitulé: Copie de la requête présentée au Sénat de Chambéry par les Nobles Ezéchiel de Gallatin et Isaac de Gallatin de Genève pour obtenir des extraits des lettres de Secrétaire d'Etat du Duc Philibert en 1498 en faveur de Jean de Gallatin, et de l'arrêt rendu par la Souveraine Chambre en 1607 en faveur de Antoine de Gallatin par lequel il est déclaré des anciens Nobles de Savoye.

19°. L'original d'un certificat accordé par les Syndics et Conseil de la Ville et République de Genève qui reconnaît la descendance des Gallatin existants à Genève et les déclare issus de Jean Gallatin fils de Jean Gallatin reçu Bourgeois de Genève le 17 décembre, 1510; dont les deux petit-fils Claude et Marin, fils de Pierre et de Jeanne Jordan (les mêmes qui sont mentionnés au No. 17), formèrent deux branches auxquelles appartiennent tous les individus de la famille aujourd'hui subsistante, comme il en conste par le détail généalogique contenu dans le dit certificat. Écrit sur parchemin. Donné à Genève le 25 avril, 1774. Signé De Rochemont. Expédition faite le 29 April, 1774. Signé J. De Chapeaurouge, avec deux sceaux.

20°. L'original d'un acte en parchemin intitulé: Généalogie de la Maison De Gallatin, originaire de Bugey, établie à Genève, dressée au mois d'avril, 1775, pour procurer à Messire Jean Louis de Gallatin, Colonel à la suite du Régiment Royal Deux Ponts, l'honneur de monter dans les Carosses du Roy et de suivre Sa Majesté à la chasse. Lequel acte, à ce que nous a déclaré le Sieur Comte De Gallatin, est l'ouvrage du Sieur Cherin Généalogiste des Ordres du Roy de France. Au quel acte est contenu le détail généalogique de la filiation et descendance et des titres des Nobles Gallatin dès Humbert Gallatin Damoiseau.

21°. L'original d'une Généalogie intitulée: Gallatin à Genève; écrit sur

papier, contenant les détails généalogiques de la filiation et descendance et des titres des Nobles Gallatin de Genève dès Guillaume Gallatin, Chevalier, et Humbert Gallatin, son fils, Damoiseau, vivants en l'an 1319; le dit cahier signé à chaque page en abrégé D'Hozier de Serigny et terminé par une attestation de vérification du dit Antoine Marie D'Hozier de Serigny Chevalier Juge d'Armes de la Noblesse de France, Duplessis avec le sceau du dit Sieur Hozier.

22°. Un paquet contenant plusieurs diplômes, lettres ministérielles, brevets, &c., accordées à divers individus de la famille Gallatin, entr'autres un brevet obtenu de Sa Majesté Très-Chrétienne, en faveur du Sieur Jean Louis de Gallatin, Chevalier de l'Institution du Mérite Militaire, Colonel attaché au Régiment Royal Deux-Ponts, Chambellan du Duc régnant de ce nom, qui le fait et crée Comte, ensemble ses enfans et descendans mâles nés et à naître en légitime mariage, dans lequel brevet est fait mention des patentes et reconnaissance de Noblesse accordées à Abraham Gallatin bisayeul du Comte par l'Empereur Joseph en 1707, et des lettres du feu Roi accordées au dit Comte de Gallatin et aux chefs des trois autres branches de sa famille au mois de janvier, 1771, qui les reconnaissent pour Nobles d'ancienne extraction, et leur en assurent en France le rang et les prérogatives, dans lequel brevet est encore fait mention des ayeux du dit Comte Jean Louis de Gallatin, savoir Humbert Damoiseau, au commencement du 14e Siècle, douzième ascendant du Comte, et qui fut père de Jean, Ecuyer du Duc de Savoye, &c. Le dit brevet original en parchemin daté de Fontainebleau le 20 octobre, 1776. Signé Louis, et plus bas St. Germain avec le sceau.

Dans tous lesquels brevets, lettres, &c., les individus de la famille Gallatin auxquels ils sont adressés sont tous nommés De Gallatin.

Et le dit Sieur Comte De Gallatin Nous a représenté qu'il constoit des actes produits, ci-devant ténorisés, que leur Famille était connue sur le pied de Noblesse de Chevallerie dès l'an 1258 auquel tems vivait Faulcher Gallatini Chevalier.

Qu'il remonte par titres authentiques et non-interrompus jusqu'à Guillaume Gallatini Chevalier (son treizième ascendant) vivants l'un et l'autre en 1319.

Que Pierre De Gallatin qu'il prouve avoir été de la même famille et son septième ascendant, est appellé dans l'Histoire de Bresse De Gallatin en l'an 1536.

Que si ses ayeux n'ont pas pris autrefois à Genève le nom de De Gallatin auquel leur naissance et leurs titres leur donnaient droit, il prouve qu'ils l'ont porté en pays étrangers, comme il paraît tant par l'histoire de Bresse que par la copie d'une requête au Sénat de Chambéry ci-devant citée.

Que tous les brevets, diplômes, lettres patentes de Sa Majesté Très-Chrétienne qu'il nous représente, nomment tous les individus de cette famille auxquels ils sont adressés De Gallatin.

De tout quoi il résulte que cette Famille d'Ancienne Noblesse, nommée Gallatini dans les actes antérieurs à la Réformation, a été nommée à Genève Gallatin, mais avait cependant conservé le nom de De Gallatin en France et en Savoye, suivant l'usage de ces pays-là.

Qu'aujourd'hui il importe aux individus de cette Famille de faire cesser cette diversité dans la manière d'écrire leur nom. C'est pourquoi ils se sont réunis pour obtenir l'agrément du Magnifique Conseil pour signer et faire écrire à l'avenir uniformément leur nom De Gallatin, afin de rendre les actes de mariages et baptêmes et autres actes publics faits à Genève concordants pour l'avenir avec ceux qui sont faits en France, et de pouvoir rendre raison par l'arrêt qui interviendra de la différence qui existe pour le passé entre ces différens actes, requérant pour cet effet qu'il plaise au Magnifique Conseil leur accorder acte comme quoi la famille des Gallatin, Citoyens de Genève, auxquels sera accordé la permission de signer et faire écrire leur nom De Gallatin, est bien la même famille que celle qui est issue de Jean fils de Jean Gallatin reçu Bourgeois en l'an 1510. Obtint le 5 avril, 1774, un certificat du Magnifique Conseil qui atteste sa filiation et descendance du dit Jean Gallatin.

Nous Conseiller soussigné, ayant examiné attentivement les titres cidevant mentionnés et à Nous produits, les avons trouvés en forme authentique et probante. Ils nous ont paru fortifiés encore par la double production qui en a déjà été faite dans les années 1775 et 1776 par-devant les Généalogistes des Ordres du Roi de France et Juge d'Armes de la Noblesse de France, Messieurs Cherin et d'Hozier de Serigny, et par le résultat qu'ils ont produit, en procurant à Messieurs De Gallatin l'honneur d'être présentés à Sa Majesté Très-Chrétienne, de la suivre à la chasse et de monter dans ses carosses, ainsi que par le brevet de Comte accordé au Sieur Jean Louis de Gallatin dans lequel la filiation que ses titres établissent est rappelée, cependant nous avons apporté à leur examen la même attention que si leur authenticité n'eût encore été reconnue de personne. Nous y avons joint toutes les recherches qui nous ont paru propres à nous assurer de la vérité. Et nous avons reconnu qu'il est évidemment prouvé :

Qu'il existait en 1258 un Faulcher Gallatini qualifié Chevalier, qualification qui n'appartenait alors qu'à la Noblesse bien reconnue.

Qu'en 1319 un Guillaume Gallatini prit le titre de Chevalier, et son fils Humbert celui de Damoiseau (titre également affecté aux seuls gentilshommes jusqu'à ce qu'ils eussent reçu l'ordre de Chevalerie) en présence d'un Prince Souverain et d'autres gentilshommes qui n'auraient vraisemblablement pas souffert qu'ils eussent usurpé des qualifications si éminentes s'ils n'y avaient pas eu un droit incontestable.

Que cet Humbert Gallatini Damoiseau, fils de Guillaume, paraît bien être le même Humbert Gallatini Damoiseau qui fut père de Jean et Guillaume Gallatini, mentionnés et rappelés dans les actes qui concernent ses descendans, et dans lesquels on voit une parfaite conformité de titres,

concordance de dates, identité de pays et de fiefs possédés par le dit Humbert.

Que Jean, fils de Humbert Gallatini Damoiseau, connu par divers actes de reconnaissances, ayant fait héritiers Henri et Pierre Gallatini ses neveux, fils de Guillaume Gallatini son frère, et de Jeannette de Gingins sa femme, cela établit incontestablement la filiation de ces Nobles Henri et Pierre fils de Guillaume et petits-fils de Humbert Gallatini Damoiseau. Et cet Henri Gallatini qui fut Seigneur des Granges et qui épousa Agnès de Lenthenay est bien évidemment le même Henri mentionné au testament de Jean fils de Humbert, puisque dans un acte de 1402 il est dit petit-fils de Humbert Gallatini Damoiseau.

Que Henri Gallatini eut de Agnès de Lenthenay sa femme un fils nommé Jean Gallatini qui fut écuyer du Duc de Savoye et fut père des Nobles Claude, Pierre, Louis et Jean Gallatini. Filiation évidemment prouvée par les actes produits qui établissent que ces quatre gentilshommes étaient frères, petits-fils de Noble Henri Gallatini, et qu'ils possédaient et reconnaissaient les fiefs et héritages par le dit Henri possédés.

Que Noble Jean Gallatini qui épousa Perronnette d'Entremonts est bien évidemment le même Jean, fils de Jean et petit-fils de Henri, puisque dans son contract de mariage on voit qu'il était frère de Claude et de Louis Gallatini qui furent ses cautions et qu'on le voit d'ailleurs posséder ainsi que ses descendans les fiefs et biens du dit Henri son ayeul.

Que du mariage de Jean Gallatini avec Perronnette d'Entremonts nacquirent Pierre Gallatini auteur de la famille des Gallatin de Genève, et Louis Gallatini établit à Thone, dont un fils nommé Antoine Gallatin dans sa requête au Tribunal de la Justice à Genève en 1594 se dit petit-fils de Jean et de Perronnette d'Entremonts, et cousin de Noble Claude Gallatin, Conseiller d'Etat, entre les mains duquel, comme aîné de la famille, se trouvait l'original du contract de mariage de Jean avec Perronnette d'Entremonts, dont le dit Noble Antoine obtint copie. Ce qui prouve évidemment que la famille Gallatin de Genève, issue de ce Noble Claude et de Marin son frère, fils de Pierre, est véritablement issue de Jean Gallatini et de Perronnette d'Entremonts.

Les actes produits et le certificat du Magnifique Conseil accordé en 1774 établissent que c'est ce même Jean, fils de Jean Gallatin, reçu bourgeois en 1510, qui fut l'auteur de la famille Gallatin subsistante à Genève. Le Regître du Conseil s'exprime en ces termes:

"Egregius vir Johannes Gallatini filius quondam Johannis Gallatini Notarius de Arlodo parochiæ Sancti Leodegarii Burgensis creatus pro et mediante viii fl." En marge: "Burgensis;" et au-dessus d'une écriture plus récente: "Jean Gallatin." Regître du Conseil dès 1508 à 1511, page 158, verso; à la date du mardi, 17 décembre, 1510.

Les actes produits lient donc incontestablement ce Jean, fils de Jean, à Henri son grand-père, comme ils lient aussi cet Henri, fils de Guillaume, à Humbert Gallatini, Damoiseau, son ayeul.

En sorte qu'il nous a paru évidemment et incontestablement prouvé que Jean Gallatini, Bourgeois de Genève en 1510, et tige des Gallatin de Genève, lequel épousa Perronnette d'Entremonts, était fils de Jean Gallatini, écuyer du Duc de Savoye, lequel était fils de Henri Gallatini qui épousa Agnès de Lenthenay, lequel était fils de Guillaume Gallatini qui épousa Jeannette de Gingins, lequel était fils de Humbert Gallatini Damoiseau, lequel Humbert paraît avoir été fils de Guillaume Gallatini Chevalier, vivant en l'an 1319.

* * * * * * * * *

Quoique le nom soit toujours écrit en Latin Gallatini, cela ne prouve point qu'en Français il dût être De Gallatin. C'était l'usage de mettre presque toujours les noms au génitif. Le *De* se rendait en Latin par la sillabe *dé;* De Gingins, dé Gingino; d'Entremonts, dé Intermontibus, &c. En Français ce mot *De* n'était pas non plus un attribut inséparable de la Noblesse; plusieurs roturiers portent des noms qui commencent par De. Et plusieurs grandes et anciennes maisons dans différens pays n'ont pas joint cette syllabe à leur nom, lorsque ce nom n'était pas celui d'une terre à jurisdiction. On connaît par exemple un Geraud Bastet et non pas De Bastet, tige des Ducs d'Uzès, premiers Pairs de France, dont les descendans prirent les noms De Crusol et d'Uzès, à mesure que ces grands fiefs entrèrent dans leur maison par des alliances. Il est même contre la bonne règle de joindre cette syllabe *de* à tout autre nom qu'à celui d'un fief à jurisdiction, mais cet usage a prévalu parcequ'il est vrai qu'en France la plupart des grandes maisons ne connaissent d'autre nom que celui d'un fief anciennement par elles possédé, et que parmi la Noblesse récente on substitue volontiers le nom d'un fief à celui que l'on portait avant l'annoblissement. En Allemagne les lettres d'annoblissement portent expressément le droit de joindre la syllabe *de* au nom de l'annobli. En Espagne le Dom est ajouté aux noms des Nobles; c'est ce qui a rendu cet usage presque général, excepté cependant en Angleterrè et en Italie.

Quant aux Gallatin il paraît bien prouvé qu'ils ont porté très-anciennement le nom de De Gallatin en France et en Savoye. Pierre De Gallatin mentionné dans Guichenon en l'an 1536 est évidemment leur aïeul. Ezéchiel et Isaac Gallatin qui étaient de la même famille (Ezéchiel était le bisaïeul de Monsieur le Conseiller Gallatin) s'intitulaient De Gallatin pardevant le Sénat de Savoye et nommaient De Gallatin cet Antoine, fils de Louis, qui avait présenté cette requête mentionnée au No. 18, et qui avait été reconnu en Savoye comme étant des anciens Nobles de Savoye.

Nous avons même trouvé dans les minutes de Bon, notaire, un acte en date du 13 mars, 1602, dans lequel on mentionne un Noble François De Gallatin, établi à Saint Genis d'Aulte, Capitaine d'Infanterie au service de Son Altesse, lequel par les titres de la famille paraît avoir été arrière-petit-fils de ce Claude, fils de Jean, et frère de Pierre, de Louis, et de Jean qui épousa Perronnette d'Entremonts. D'ailleurs l'on ne peut pas savoir

s'il n'a point existé dans ce pays-ci où dans tout autre quelque fief du nom de Gallatin possédé par les premiers auteurs de cette maison.

Enfin depuis longtems les brevets, diplômes, lettres, &c., obtenus par les individus de cette famille les nomment tous De Gallatin. Les rôles même du gouvernement ont quelquefois porté ce nom pour quelques-uns d'eux dans ces derniers tems.

De tout quoi il nous a paru résulter que ceux qui composent aujourd'hui la famille Gallatin sont fondés à ajouter à leur nom la syllabe De comme étant issus de Pierre De Gallatin vivant en 1536, et prouvant que leur famille a pris autrefois ce nom en Savoye. Les raisons de convenance qui leur font désirer aujourd'hui un changement que leurs aïeux avaient regardé avec indifférence sont les inconvéniens que pourraient entraîner cette diversité dans la manière d'écrire leurs noms, résultante de l'usage établi en France qui leur a fait donner le nom de De Gallatin dans des actes de la plus grande importance.

Ce qui mérite, à ce qu'il nous paraît, que Messeigneurs veuillent les autoriser à signer et faire écrire leur nom uniformément à l'avenir De Gallatin, puisqu'ils y ont au moins autant de droit que pourraient leur en donner des lettres d'annoblissement récentes.

Et en outre leur accorder cette acte comme quoi ceux auxquels cette faveur est concédée et qui en conséquence s'appelleront à Genève De Gallatin, ne feront qu'une seule et même famille avec la famille Gallatin qui obtinrent en 1774 du Magnifique Conseil un certificat de filiation et descendance.

En foi de tout quoi Nous avons dressé et signé notre présent verbal à Genève les an et jour susdits.

Signé Naville, Conseiller.

Du 18 décembre, 1786.

Nous Syndics et Conseil de la Ville et République de Genève, savoir faisons: Que sur la requête à nous présentée par le Sieur Jean Louis Comte de Gallatin, Citoyen, en son nom et celui de sa famille, aux fins d'obtenir après due vérification de titres que la famille Gallatin et tous les individus qui la composent soyent qualifiés dans tous les actes publics du nom de De Gallatin qui est leur véritable nom: Nous aurions renvoyé par notre décret daté du 2 février, 1786, le dit Sieur Comte de Gallatin par-devant Noble Naville, Seigneur Conseiller d'État notre très-cher frère pour l'ouïr plus particulièrement et rapporter.

Au rapport duquel Seigneur Conseiller Commissaire et par la vue d'actes authentiques et probants, il nous est clairement apparu que la famille des Gallatin citoyens de cette ville est issue de Pierre Gallatin et de Jeanne Jordan, fils de Jean Gallatin reçu bourgeois de Genève le 7 décembre, 1510, lequel Pierre Gallatin est nommé dans l'Histoire de Bresse Pierre De Gal-

latin à l'occasion d'un Hommage par lui fait au Roi François premier pour les censes qu'il tenait en fief au mandement de St. Genis ; que le dit Pierre De Gallatin, fils du dit Jean Gallatin bourgeois de Genève, avait pour mère Dame Perronnette fille de Noble Guillaume d'Entremonts ; que le dit Jean Gallatin était fils de Jean Gallatin, Ecuyer du Duc de Savoye ; que le dit Jean Gallatin était fils de Henri Gallatin Seigneur des Granges et de Dame Agnès de Lenthenay ; que Henri Gallatin était fils de Guillaume Gallatin et de Dame Jeannette de Gingins; que Guillaume Gallatin était fils de Humbert Gallatin Damoiseau vivant en l'an 1319, lequel paraît avoir été fils de Guillaume Gallatin Chevalier ; et qu'au milieu du treizième siècle vivait un Faulcher Gallatin, Chevalier ; enfin que quelques-uns des descendants de Jean Gallatin, bourgeois de Genève, ont porté en Savoye le nom de De Gallatin ; comme le tout est plus amplement contenu et détaillé au verbal dressé et signé et à nous présenté par le dit Seigneur Conseiller Commissaire sous la date du 17 novembre, 1786.

A ces causes Nous Syndics et Conseil faisant droit sur la requête du dit Sieur Comte de Gallatin, vu les titres par icelui produits et par les motifs contenus au rapport du Seigneur Conseiller par nous commis, avons autorisé et autorisons par les présentes tous les individus de la famille Gallatin issus de Jean Gallatin reçu bourgeois de Genève le 7 décembre, 1570 (conformément à l'acte généalogique par nous à eux accordé le 25 avril, 1774), à signer et faire écrire uniformément à l'avenir leur nom De Gallatin ; leur accordant acte comme quoi ceux auxquels cette concession est par nous maintenant faite, sont bien de la même famille que ceux auxquels nous avions accordé le certificat de descendance sus-mentionné sous le nom Gallatin ; leur accordant en outre copie du verbal du dit Seigneur Conseiller Commissaire ; en foi de quoi nous leur avons octroyé le présent acte et le leur avons fait expédier sous notre sceau et seing de notre Secrétaire. Donné à Genève le dix-huit décembre, 1786.

Par mes dits Seigneurs Syndics et Conseil.

[L. S.] Signé De Rochemont.

TABLE I.

CC. Council of Two Hundred. S.S. Seigneur Syndic.

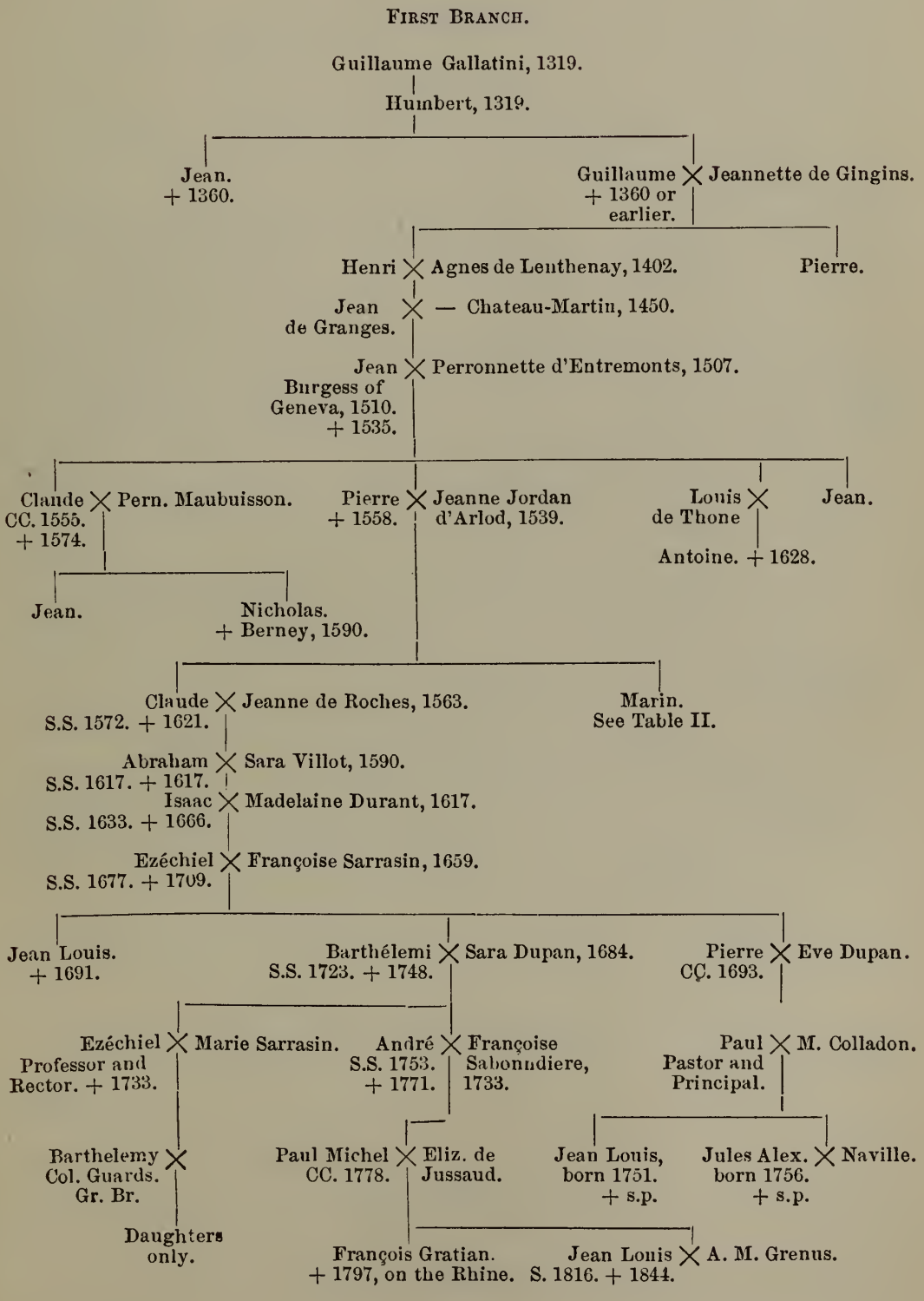


TABLE II.

SECOND BRANCH.

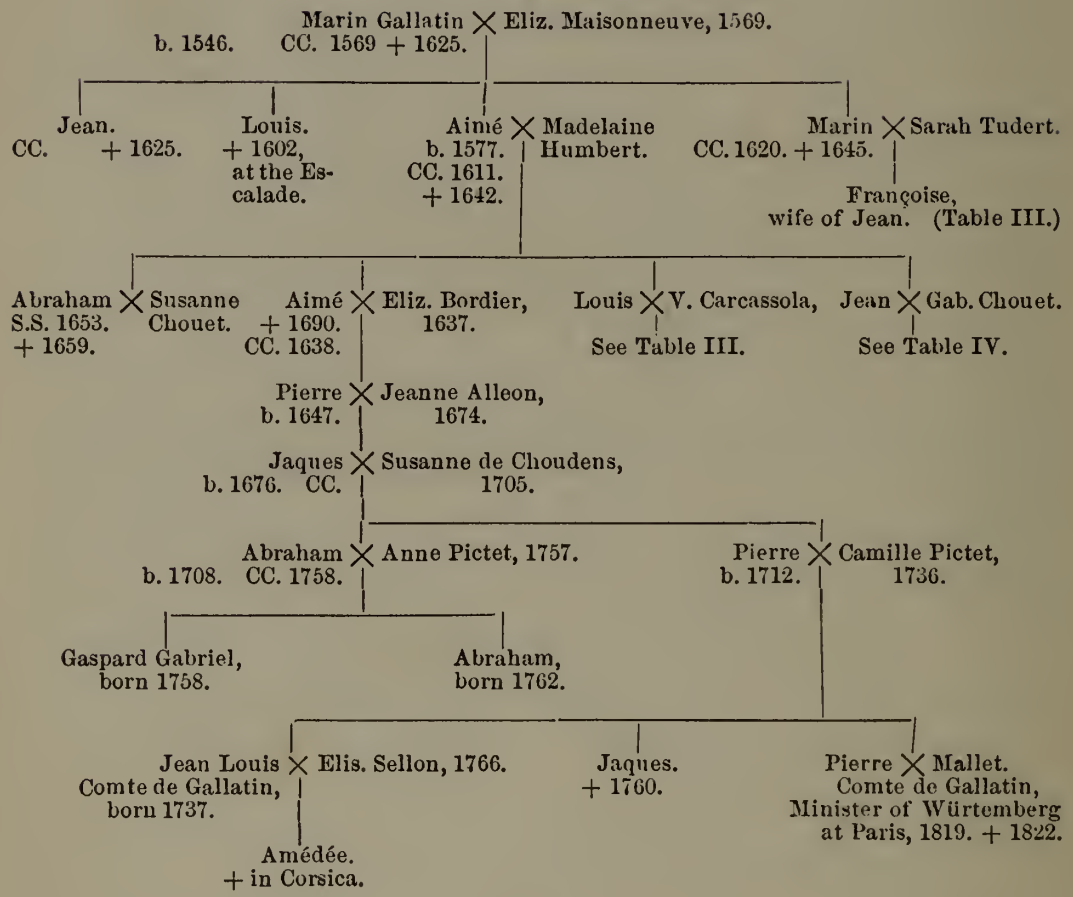


TABLE III.

THIRD BRANCH.

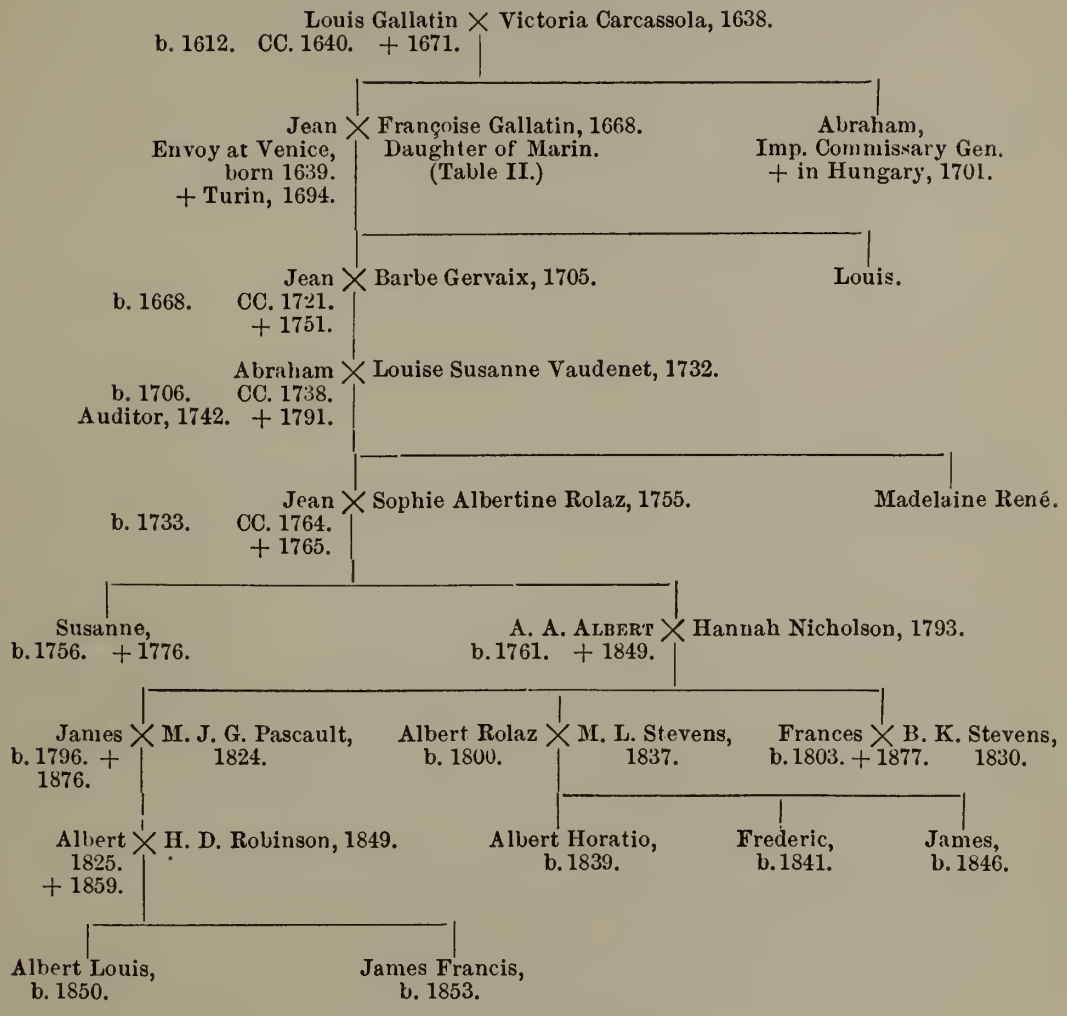
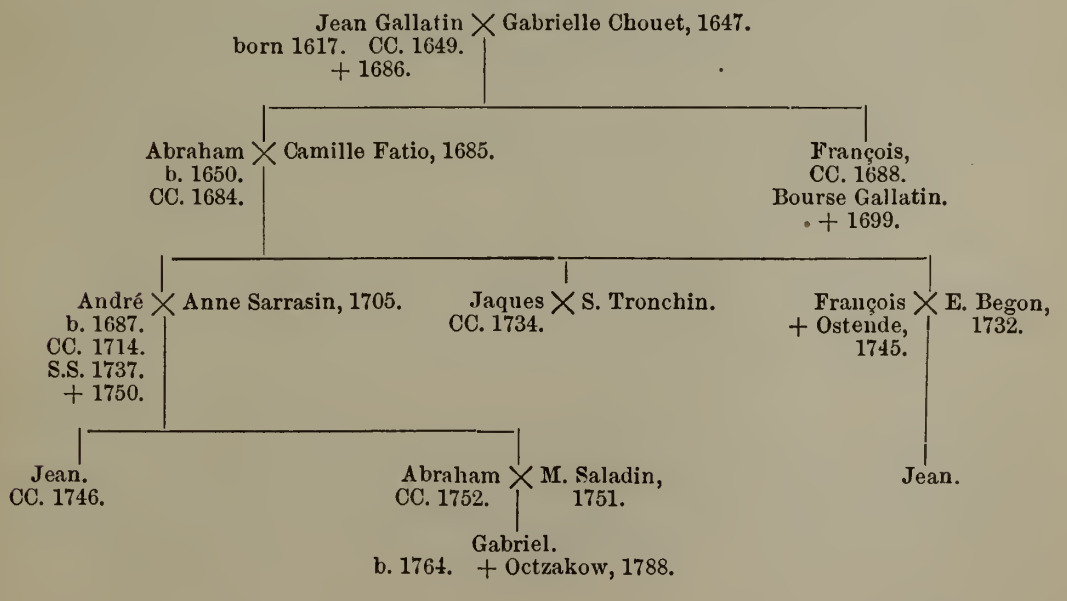


TABLE IV.

FOURTH BRANCH.



INDEX I.

LIST OF THE WRITINGS OF ALBERT GALLATIN PUBLISHED DURING HIS LIFETIME. ONLY THOSE MARKED WITH AN ASTERISK ARE CONTAINED IN THE PRESENT COLLECTION OF HIS WORKS.

1. Reports, Speeches, &c., in the Pennsylvania House of Representatives from 1790 to 1795. Of these the most important were:

(1). Report of the Committee of Ways and Means on the Public Credit of the State of Pennsylvania, printed in the Journal under date of 8th February, 1791.

(2). Report on the same subject, printed in the Journal under date of 22d February, 1792.

(3). Report on Establishing Public Schools, printed in the Journal under date of 28th February, 1792.

(4). Report on the Improvement of Roads and Inland Navigation, printed in the Journal under date of 14th March, 1792.

(5). Report on the Petition of a number of the Citizens of the French West Indies, printed in the Journal under date of 27th December, 1792.

(6). Report on the Price of Lands purchased of the Indians prior to 1784, printed in the Journal under date of 9th February, 1793.

(7). Report recommending the Impeachment of the Comptroller-General, printed in the Journal under date of 3d April, 1793.

(8). Report of the Committee appointed to examine the Accounts of the Comptroller-General. Printed in the Appendix to Journal of August and September, 1793.

(9).* Speech on the Validity of the Western Elections, January, 1795. Philadelphia: Printed by William W. Woodward, 1795.

(10). Report on the Establishment of Schools and Academies throughout the State, printed in the Journal under date of 5th March, 1795.

2.* A Sketch of the Finances of the United States. New York: Printed by William A. Davis, 1796.

3. Speeches in Congress from 1795 to 1801. Printed, so far as they were ever reported, in the general collection of debates, entitled Annals of Congress, published by Gales & Seaton in 1834. The following were published in pamphlet form at the time of their delivery:

(1). Speech upon the Constitutioual Powers of the House with respect to Treaties, and upon the subject of the British Treaty. Philadelphia: Printed for Benjamin Franklin Bache, 1796. (Debates in the House of Representatives of the United States during the First Session of the Fourth Congress, &c., &c.)

(2). Speech upon the Foreign Intercourse Bill, 1st March, 1798. With an Appendix. Philadelphia: Printed by Richard Folwell, 1798.

(3). Substance of two Speeches on the Bill for augmenting the Navy Establishment, 7th and 11th February, 1799. Philadelphia: Printed by Joseph Gales, 1799.

(4). Speech on the Alien Law. Philadelphia: Printed by Joseph Gales, 1799. (The Proceedings of the House of Representatives of the United States with respect to the petitions praying for a repeal of the Alien and Sedition Laws, including the report of a select committee and the speeches of Messrs. Gallatin and Nicholas thereon.)

4. Views of the Public Debt, Receipts and Expenditures of the United States. Philadelphia: Printed by Matthew Carey. First edition in July, 1800. Second edition in 1801. Pp. 77.

5. Annual Reports of the Secretary of the Treasury on the State of the Finances, 1801–1813. Printed by Congress from year to year, and reprinted in various forms, more especially in the great collection of American State Papers, published under the authority of Congress by Gales & Seaton, in 1832. Vols. V. and VI. (Finance, Vols. I. and II.)

6. Annual Reports of the Commissioners of the Sinking Fund, 1801–1813. Finance, Vols. I. and II.

7. Special Reports and Communications of the Secretary of the Treasury to Congress, 1801–1813. Of these the more important were:

(1). On Specific Appropriations, 1st March, 1802. State Papers, V. (Finance, I.) 755–757.

(2). On the subject of the Public Debt, and the Provisions for its Redemption, 31st March, 1802. Finance, I. 746–749.

(3).* On the Admission of Ohio, and the Disposition to be made of the Proceeds of the Public Lands. (National Road.) Letter to William B. Giles, Chairman of Committee, 13th February, 1802. Miscellaneous, Vol. I. 327.

(4). On Accounts of the Sinking Fund, 3d March, 1803. Finance, II. 37–41.

(5). On the Amicable Settlement of the Limits of the State of Georgia (Yazoo Claims), 16th February and 26th April, 1803. State Papers. Public Lands, I. 125–132.

(6). On Amending the Laws providing for the Sale of Public Lands. Letter to the Committee, 2d January, 1804. Public Lands, I. 183.

(7). On the Conversion of the old 6 per Cents. and 3 per Cents. into a new 6 per Cent. Stock. Letter to the Committee of Ways and Means, 20th January, 1806. Finance, II. 212.

(8). On Internal Improvements (Roads and Canals), 4th April, 1808. State Papers. Miscellaneous, Vol. I. 724–741.

(9). On the Accountability of the War and Navy Departments. Letter to the Committee of Ways and Means, 4th February, 1809. Finance, II. 335.

(10). On the Renewal of the Charter of the Bank of the United States. 2d March, 1809. State Papers. Finance, II. 351–353. On the same subject. 30th January, 1811. Finance, II. 481.

(11).* On Loans and Increase of Revenue. Letter to the Committee of Ways and Means, 26th February, 1810. Finance, II. 412.

(12). Partial Report on the subject of American Manufactures. 17th April, 1810. Finance, II. 425–431.

(13).* Introduction to the Collection of Laws, Treaties, &c., relating to the Public Lands, published under Act of Congress of 27th April, 1810. Printed by Joseph Gales, Jr., 1810.

(14). On the Valuation of Foreign Coins. Letter to the Committee of House of Representatives, 17th December, 1810. Finance, II. 457.

(15). On the Accounts of Degen & Purviance, late Navy Agents at Leghorn. Letter to the House of Representatives, dated 22d February, 1811, printed in the National Intelligencer, 12th March, 1811. Documents, H. R., 11th Cong., 3d Sess. Vol. IX. p. 294.

(16).* On War Taxes. Letter to the Committee of Ways and Means, 10th January, 1812. Finance, II. 523.

(17).* On the Increase of Revenue. Letters to the Committee of Ways and Means, 10th June, 1812, 9th and 12th February, 1813. Finance, II. 613.

(18). On the Remission of Forfeitures. Letters to the Committee of Ways and Means, 18th November, 1812, and 12th February, 1813. Finance, II. 570 and 615.

8.* Campbell's Report, 22d November, 1808. State Papers. Foreign Relations, Vol. III. 259–262.

9.* Letter to D. M. Erskine, British Minister, in regard to Opinions attributed by Mr. Canning to Members of Mr. Madison's Administration, 13th August, 1809. Foreign Relations, III. 307.

10.* Letter to the National Intelligencer, dated 21st April, 1810, on Opinions attributed to Mr. Gallatin by Mr. Erskine in his Published Despatches. National Intelligencer, 18th July, 1810.

11. Correspondence as Commissioner for negotiating a Treaty of Peace with Great Britain, 1814. State Papers. Foreign Relations, III. 705–726, 730–748; IV. 810.

12. Correspondence as Commissioner for negotiating a Treaty of Commerce with Great Britain, 1815. Foreign Relations, IV. 7–18.

13. Correspondence while Minister to France, 1816–1823. Foreign Relations, V. 24–36, 284–313, 645–673.

Of these papers the most important are:

(1). On the subject of Indemnity for Vessels or Cargoes seized or destroyed under the authority of Napoleon I.

Mr. Gallatin to the Duke de Richelieu, 9th November, 1816. Foreign Relations, V. 284.

Mr. Gallatin to Baron Pasquier, 15th March, 1820. V. 294.

Mr. Gallatin to the Vicomte de Montmorency, 10th January, 1822. V. 301.

* Mr. Gallatin to J. Q. Adams, 23d April, 1822. V. 307.

Mr. Gallatin to the Vicomte de Montmorency, 13th June, 1822. V. 309.

Mr. Gallatin to the Comte de Villèle, 12th November, 1822. V. 312.

Mr. Gallatin to the Vicomte de Chateaubriand, 27th February, 1823. V. 313.

(2). On the Construction of the 8th Article of the Louisiana Treaty of 30th April, 1803.

Mr. Gallatin to J. Q. Adams, 19th September, 1820. V. 646.

Mr. Gallatin to the Vicomte de Chateaubriand, 27th February, 1823. V. 673.

(3). On the Exactions and Rights of the Ship-brokers at Havre.
Mr. Gallatin to J. Q. Adams, 21st May, 1819. V. 24.
Mr. Gallatin to the Marquis Dessolle, 5th May, 1819. V. 25.
Mr. Gallatin to the Marquis Dessolle, 12th May, 1819. V. 27.
(4). On Commercial Relations and Countervailing Duties.
* Mr. Gallatin to J. Q. Adams, 25th October, 1819. V. 32.
Mr. Gallatin to the Marquis Dessolle, 25th October, 1819. V. 33.
14. Correspondence as Joint Commissioner with Mr. Rush to negotiate the Treaties of 1818 with Great Britain. Foreign Relations, IV. 380–407.
15. Speech at the Reception of La Fayette at Uniontown, Pa., 26th May, 1825. Printed in the National Intelligencer for 11th June, 1825.
16. Correspondence while Minister to England in 1826–27. Foreign Relations, VI. 249–256, 346–355, 639–706, 768–772, 965–984.
Of these papers the most important are:
(1). On the Order in Council of 27th July, 1826, and the Colonial Trade.
Mr. Gallatin to Mr. Canning, 26th August, 1826. VI. 249.
Mr. Gallatin to Mr. Canning, 22d September, 1826. VI. 254.
Mr. Gallatin to Mr. Clay, 27th October, 1826. VI. 294.
Mr. Gallatin to Mr. Canning, 28th December, 1826. VI. 965.
Mr. Gallatin to Lord Dudley, 4th June, 1827. VI. 975.
Mr. Gallatin to Lord Dudley, 17th August, 1827. VI. 977.
Mr. Gallatin to Mr. Clay, 14th September, 1827. VI. 978.
Mr. Gallatin to Lord Dudley, 3d October, 1827. VI. 982.
(2). On the Indemnity for Slaves carried away in Contravention of the 1st Article of the Treaty of Ghent.
Mr. Gallatin to Mr. Clay, 19th August, 1826. VI. 346.
Mr. Gallatin to Mr. Clay, 12th September, 1826. VI. 347.
Mr. Gallatin to Mr. Canning, 6th September, 1826. VI. 349.
Mr. Gallatin to Mr. Clay, 13th September, 1826. VI. 349.
Mr. Gallatin to Mr. Clay, 11th November, 1826. VI. 351.
Mr. Gallatin to Mr. Clay, 13th November, 1826. VI. 353.
(3). On the North-Eastern Boundary.
Mr. Gallatin to Mr. Clay, 30th October, 1826. VI. 647.
Mr. Gallatin to Mr. Clay, 30th December, 1826. VI. 672.
Mr. Gallatin to Mr. Clay, 5th June, 1827. VI. 673.
Mr. Gallatin to Mr. Clay, 30th September, 1827. VI. 696.
Mr. Gallatin to the British Commissioners, 18th August, 1827. VI. 700.
(4). On the North-Western Boundary.
Mr. Gallatin to Mr. Clay, 16th November, 1826. VI. 650.
Mr. Gallatin to Mr. Clay, 25th November, 1826. VI. 652.
Mr. Gallatin to Mr. Clay, 2d December, 1826. VI. 655.
Mr. Gallatin to Mr. Clay, 5th December, 1826. VI. 657.
Mr. Gallatin to Mr. Clay, 20th December, 1826. VI. 658.
Counter-Statement presented to the British Commissioners, 19th December, 1826. VI. 666.
Observations on the British Projet of Declaration to be annexed to the Renewal of the Convention, 19th June, 1827. VI. 678.
Mr. Gallatin to Mr. Clay, 27th June, 1827. VI. 680.
Observations in Protocol of Tenth Conference, 22d June, 1827. VI. 682.
Mr. Gallatin to Mr. Clay, 7th August, 1827. VI. 691.
Mr. Gallatin to Mr. Clay, 10th August, 1827. VI. 694.

(5). On the Renewal of the Commercial Convention of 1815.

Mr. Gallatin to Mr. Clay, 21st December, 1826. VI. 671.

Mr. Gallatin to Mr. Clay, 29th May, 1827. VI. 673.

Mr. Gallatin to Mr. Clay, 20th June, 1827. VI. 675.

Observations on the British Project of Commercial Convention, 19th June, 1827. VI. 679.

Observations in Protocol of Tenth Conference, 22d June, 1827. VI. 683.

Mr. Gallatin to Mr. Clay, 6th August, 1827. VI. 689.

(6.) On the Navigation of the St. Lawrence.

Mr. Gallatin to Mr. Clay, 1st October, 1827. VI. 768.

American Paper on the Navigation of the St. Lawrence, attached to the 18th Protocol. VI. 769.

17. Statement on the Part of the United States of the Case referred, in pursuance of the Convention of 29th September, 1827, between the said States and Great Britain, to his Majesty the King of the Netherlands, for his Decision thereon. Printed, but not published. Washington: Printed at the office of the United States Telegraph, 1829. Pp. 87.

18.* Letter to S. D. Ingham, Secretary of the Treasury, on the Relative Value of Gold and Silver. 31st December, 1829. Senate Doc., XXIst Cong., 1st Sess. Vol. II. No. 135, p. 32. Also in Elliot's "Funding System of the United States and Great Britain. Exec. Doc. XXVIIIth Cong., 1st Sess. Vol. II., No. 15, p. 1070.

19. Memorial of the Committee appointed by the "Free Trade Convention" held in Philadelphia in September and October, 1831, to prepare and present a memorial to Congress remonstrating against the existing tariff of duties. New York: William A. Mercein, Printer, 1832. Pp. 87.

20.* Considerations on the Currency and Banking System of the United States. First printed in the American Quarterly Review of December, 1830. Reprinted, with additions, in Philadelphia: Carey & Lea, 1831. Pp. 106.

21. Synopsis of the Indian Tribes within the United States east of the Rocky Mountains, and in the British and Russian Possessions in North America. Printed in the Transactions of the American Antiquarian Society of Worcester, Mass. (Archæologia Americana, Vol. II.) Cambridge, 1836. Pp. 421.

22.* Letter to Leonard Maison on Restrictions upon Currency and Banking, 20th December, 1836. New York Evening Post, 13th January, 1837.

23. The Right of the United States of America to the North-Eastern Boundary claimed by them, principally extracted from the Statements laid before the King of the Netherlands (See No. 17), and revised by Albert Gallatin, with an Appendix and Eight Maps. New York, 1840.

24.* Suggestions on the Banks and Currency of the several United States, in reference principally to the Suspension of Specie Payments. New York: Wiley & Putnam, 1841. Pp. 124.

25. Inaugural Address delivered before the New York Historical Society, 7th February, 1843. Printed in the Proceedings of the Society for the year 1843.

26. Memoir on the North-Eastern Boundary in connection with Jay's Map. Printed in the Proceedings of the New York Historical Society for the year 1843.

27.* Letters to D. D. Field on the Treaty-making Power and the Admission of Texas. 17th December, 1844, 10th February, 1845. Niles's Register, 28th December, 1844, and 15th March, 1845. Vols. LXVII. p. 257, and LXVIII. p. 26.

28.* Letter to Commodore Stewart in regard to his Comments on J. R. Ingersoll's History of the War of 1812. 16th October, 1845. Niles's Register, 20th December, 1845. Vol. LXIX. p. 249.

29.* Letter to Edward Coles on Commodore Stewart's Publication and on the Naval Policy of President Madison and his Cabinet in 1812. 24th November, 1845. Niles's Register, 20th December, 1845. Vol. LXIX. p. 248.

30. Notes on the Semi-Civilized Nations of Mexico, Yucatan, and Central America. Printed in the Transactions of the American Ethnological Society, Vol. I. New York, 1845. Pp. 352.

31.* The Oregon Question, with an Appendix on War Expenses. A series of articles published in the National Intelligencer; reprinted in New York: Bartlett & Welford, 1846. Pp. 75.

32.* Peace with Mexico. New York: Bartlett & Welford, 1847. Pp. 34.

33. War Expenses. New York: Bartlett & Welford, 1848. Pp. 22.

34. Hale's Indians of North-West America and Vocabularies of North America, with an Introduction. Printed in the Transactions of the American Ethnological Society, Vol. II. New York, 1848. Pp. clxxxviii. and 180, and two maps.

INDEX II.

LETTERS WRITTEN BY ALBERT GALLATIN.

A.

To J. Abbot, Jr. PAGE
14 October, 1841 . . ii. 557

To J. Q. Adams.
16 April, 1817 . . . ii. 29
22 Sept. " . . . " 41
8 Oct. " . . . " 47
10 " " . . . " 52
27 April, 1818 . . . " 58
20 July, " . . . " 68
22 " " . . . " 69
10 Aug. " . . . " 70
5 Nov. " . . . " 75
6 " " . . . " 82
9 " " . . . " 85
21 " " . . . " 87
10 Dec. " . . . " 90
4 Jan. 1819 . . . " 92
19 " " . . . " 94
19 Feb. " . . . " 96
5 May, " . . . " 101
24 " " . . . " 103
28 " " . . . " 104
14 June, " . . . " 104
3 July, " . . . " 105
6 " " . . . " 108
29 " " . . . " 118
3 Sept. " . . . " 119
24 " " . . . " 120
25 Oct. " . . . " 122
26 " " . . . " 125
8 Dec. " . . . " 128
9 " " . . . " 130

To J. Q. Adams. PAGE
13 Jan. 1820 . . . ii. 130
15 " " . . . " 132
20 " " . . . " 133
15 Feb. " . . . " 133
16 March, " . . . " 136
17 " " . . . " 137
27 April, " . . . " 140
9 June, " . . . " 146
5 July, " . . . " 148
11 " " . . . " 150
27 " " . . . " 151
31 " " . . . " 153
2 Aug. " . . . " 164
7 " " . . . " 165
30 " " . . . " 167
22 Sept. " . . . " 167
19 Oct. " . . . " 173
23 " " . . . " 173
29 March, 1821 . . . " 179
18 May, " . . . " 180
20 " " . . . " 181
21 " " . . . " 182
23 June, " . . . " 183
2 July, " . . . " 194
15 Sept. " . . . " 196
26 " " . . . " 199
27 " " . . . " 203
23 Oct. " . . . " 206
13 Nov. " . . . " 208
15 " " . . . " 209
16 " " . . . " 212
24 " " . . . " 215

		PAGE
To J. Q. Adams.		
27 Dec. 1821	ii.	219
14 Jan. 1822	"	220
28 " "	"	224
29 " "	"	226
1 Feb. "	"	227
2 " "	"	229
23 April, "	"	233
26 " "	"	240
13 June, "	"	244
10 July, "	"	250
29 " "	"	254
8 Sept. "	"	255
24 " "	"	255
13 Nov. "	"	260
19 " "	"	262
5 Jan. 1823	"	263
18 " "	"	264
27 Feb. "	"	265
28 " "	"	267
18 April, "	"	267
24 June, "	"	270
20 " 1826	"	307
30 " "	"	319
13 Sept. "	"	325
18 Oct. "	"	331
29 Dec. "	"	348
5 " 1827	"	395
To the Emperor Alexander.		
19 June, 1814	i.	629
To John J. Astor.		
5 Aug. 1835	ii.	503
To Lord Ashburton (see Baring).		

B.

To Richard Bache.		
24 Sept. 1815	i.	653
To Ezekiel Bacon.		
10 Jan. 1812	i.	501
To Alexander Baring.		
27 Aug. 1813	i.	564
18 Oct. "	"	588
7 Jan. 1814	"	594
1 April, "	"	601
20 " 1842	ii.	596
To Baring Brothers.		
22 June, 1813	i.	545
7 March, 1814	"	600
To Frederick Beasley.		
3 Sept. 1836	ii.	511
To R. G. Beasley.		
26 July, 1814	i.	633
To Nicholas Biddle.		
14 Aug. 1830	ii.	431
8 Dec. "	"	443
To James H. Blake.		
6 Nov. 1815	i.	657
To John M. Botts.		
14 June, 1841	ii.	551
To William C. Bradley.		
22 March, 1829	ii.	409
To Samuel Breck.		
20 June, 1843	ii.	604
To Charles Brown.		
1 March, 1838	ii.	523
To James Brown.		
2 Feb. 1827	ii.	358

C.

To Maria Chapman.		
Nov. 1843	ii.	605
To Michel Chevalier.		
14 Sept. 1841	ii.	556
To Langdon Cheves.		
10 June, 1812	i.	518
23 " "	"	521
12 Feb. 1813	"	532
To W. C. Claiborne.		
31 Oct. 1803	i.	167
To Henry Clay.		
22 April, 1814	i.	606
23 Nov. 1815	"	659
4 Jan. 1816	"	680
10 Nov. 1825	ii.	301
14 " "	"	302
3 May, 1826	"	305
7 " "	"	306
29 June, "	"	308
19 Aug. "	"	320
28 " "	"	321
13 Sept. "	"	322
14 " "	"	326
20 " "	"	327
22 " "	"	328
21 Oct. "	"	333
27 " "	"	335
5 Nov. "	"	337
8 " "	"	339
14 " "	"	340

		PAGE
To Henry Clay.		
Nov. 1826	ii.	341
27 " "	"	342
22 Dec. "	"	344
30 " "	"	352
30 " "	"	353
28 Jan. 1827	"	354
30 " "	"	356
22 Feb. "	"	360
6 March, "	"	361
21 " "	"	369
29 " "	"	370
28 April, "	"	371
21 May, "	"	372
4 June, "	"	376
5 July, "	"	377
28 " "	"	378
14 Aug. "	"	380
21 " "	"	383
24 " "	"	385
30 " "	"	386
21 Sept. "	"	388
26 " "	"	389
28 " "	"	390
3 Oct. "	"	392
4 " "	"	393
30 Nov. "	"	394
To George Clinton, Jr.		
5 April, 1806	i.	295
To T. W. Cobb.		
23 Jan. 1826	ii.	302
To Edward Coles.		
24 Nov. 1845	ii.	611
To Committees of Congress.		
13 Feb. 1802	i.	76
3 Jan. 1805	"	219
24 Nov. 1808	"	428
26 Feb. 1810	"	466
10 Jan. 1812	"	501
10 June, "	"	518
23 " "	"	521
12 Feb. 1813	"	532
2 April, 1846	ii.	637
To Committee for Pius IX. Meeting.		
27 Nov. 1847	ii.	653
To John Connell.		
9 Jan. 1846	ii.	621
To Bates Cooke.		
2 March, 1839	ii.	540
To William H. Crawford.		
21 April, 1814	i.	602
To Caleb Cushing.		PAGE
28 Dec. 1841	ii.	563
7 Jan. 1842	"	572
D.		
To A. J. Dallas.		
24 Dec. 1814	i.	644
25 Sept. 1815	"	654
12 Dec. "	"	673
To G. M. Dallas.		
18 Oct. 1813	i.	589
To Charles S. Davies.		
14 June, 1839	ii.	544
To Garrett Davis.		
16 Feb. 1848	ii.	660
To Lewis F. Delesdernier.		
25 May, 1798	i.	13
To Frederick De Peyster.		
22 Oct. 1842	ii.	601
To John A. Dix.		
30 March, 1842	ii.	588
2 April, "	"	592
To Eben Dodge.		
21 Jan. 1847	ii.	638
To William Drayton.		
7 April, 1832	ii.	450
E.		
To John W. Eppes.		
26 Feb. 1810	i.	466
To David M. Erskine.		
13 Aug. 1810	i.	458
To William Eustis.		
9 Oct. 1817	ii.	47
To Edward Everett.		
6 Aug. 1828	ii.	400
9 " "	"	403
5 Jan. 1835	"	474
" "	"	478
16 Dec. 1847	"	656
F.		
To David Dudley Field.		
17 Dec. 1844	ii.	605
10 Feb. 1845	"	607
To A. C. Flagg.		
6 March, 1838	ii.	525
24 Dec. 1841	"	562
31 " "	"	563

		PAGE
To John Forsyth.		
31 Jan. 1816	i.	684
9 July, 1819	ii.	109
G.		
To Gales and Seaton.		
5 Feb. 1835	ii.	501
27 " 1846	"	621
To William B. Giles.		
13 Feb. 1802	i.	76
24 Nov. 1808	"	428
To T. R. Gold.		
19 March, 1816	i.	689
To C. W. Gooch.		
7 Oct. 1824	ii.	299
To Jonathan Goodhue.		
5 April, 1838	ii.	535
H.		
To Willis Hall.		
20 Feb. 1838	ii.	520
2 March, "	"	524
28 " "	"	531
3 April, "	"	533
To Levett Harris.		
13 Sept. 1813	i.	574
To W. H. Harrison.		
27 Sept. 1809	i.	463
To R. Y. Hayne.		
7 Feb. 1832	ii.	449
To B. C. Howard.		
7 May, 1838	ii.	539
5 Nov. 1840	"	549
To R. M. T. Hunter.		
12 July, 1841	ii.	552
I.		
To J. R. Ingersoll.		
25 March, 1846	ii.	628
To S. D. Ingham.		
4 Aug. 1829	ii.	410
27 Sept. "	"	412
31 Dec. "	"	415
J.		
To Daniel Jackson.		
23 Aug. 1836	ii.	506
To Leonard Jarvis.		
22 Oct. 1832	ii.	458
To Thomas Jefferson.		
14 March, 1801	i.	24
12 June, 1801	i.	27
25 July, "	"	28
10 Aug. "	"	30
17 " "	"	38
7 Sept. "	"	44
12 " "	"	47
14 " "	"	49
21 " "	"	56
9 Nov. "	"	58
15 " "	"	61
" "	"	63
16 " "	"	69
18 June, 1802	"	80
9 Aug. "	"	81
16 " "	"	86
20 " "	"	90
9 Sept. "	"	96
21 " "	"	100
26 Oct. "	"	102
Dec. "	"	104
13 Jan. 1803	"	111
18 " "	"	115
21 March, "	"	118
13 April, "	"	120
16 June, "	"	122
21 " "	"	123
2 July, "	"	126
9 " "	"	127
27 " "	"	133
11 Aug. "	"	134
13 " "	"	137
18 " "	"	140
20 " "	"	139
31 " "	"	145
5 Sept. "	"	152
16 " "	"	153
4 Oct. "	"	156
6 " "	"	162
28 " "	"	162
8 Nov. "	"	169
13 Dec. "	"	171
11 Jan. 1804	"	172
18 " "	"	173
11 Feb. "	"	176
15 " "	"	177
21 " "	"	178
15 March, "	"	179
28 " "	"	180
5 April, "	"	183
12 " "	"	184

To Thomas Jefferson.		PAGE
16 April, 1804	i.	187
3 May, "	"	190
11 " "	"	191
30 " "	"	193
7 June, "	"	194
11 " "	"	196
2 July, "	"	198
18 " "	"	200
20 Aug. "	"	202
4 Sept. "	"	208
18 " "	"	208
12 Oct. "	"	210
15 " "	"	210
" "	"	211
29 " "	"	216
"	"	217
13 Dec. "	"	218
"	"	219
12 Feb. 1805	"	227
28 March, "	"	228
23 April, "	"	229
9 May, "	"	230
28 " "	"	231
30 " "	"	233
1 July, "	"	235
17 Aug. "	"	240
12 Sept. "	"	241
13 " "	"	255
"	"	255
5 Nov. "	"	258
21 " "	"	261
25 " "	"	264
27 " "	"	275
3 Dec. "	"	275
" " "	"	278
Jan. 1806	"	283
" "	"	284
6 Jan. "	"	289
12 " "	"	290
11 March, "	"	293
19 May, "	"	299
7 Aug. "	"	305
13 Oct. "	"	310
12 Nov. "	"	311
" "	"	313
16 " "	"	316
22 " "	"	320
25 " "	"	321
6 Jan. 1807	"	325
8 Feb. "	"	328

To Thomas Jefferson.		PAGE
13 April, 1807	i.	332
16 " "	"	335
29 June "	"	336
7 July, "	"	337
25 " "	"	340
26 Aug. "	"	353
2 Sept. "	"	356
21 Oct. "	"	358
" " "	"	364
" " "	"	365
2 Dec. "	"	367
18 " "	"	368
12 Feb. 1808	"	370
18 " "	"	371
27 " "	"	372
29 " "	"	373
2 March, "	"	374
10 " "	"	375
16 " "	"	377
1 April, "	"	381
5 May, "	"	384
10 " "	"	386
16 " "	"	387
23 " "	"	390
28 " "	"	393
15 July, "	"	394
27 " "	"	395
29 " "	"	396
5 Aug. "	"	399
6 " "	"	401
9 " "	"	402
17 " "	"	405
23 Aug. "	"	409
2 Sept. "	"	413
8 " "	"	415
14 " "	"	417
16 " "	"	418
2 Nov. "	"	420
2 " "	"	421
3 " "	"	426
8 " "	"	427
15 " "	"	428
28 Dec. "	"	447
10 Jan. 1809	"	449
4 Feb. "	"	451
8 Nov. "	"	464
14 July, 1810	"	479
10 Sept. "	"	487
10 March, 1812	"	517
18 Dec. "	"	530

		PAGE
To Thomas Jefferson.		
6 Sept. 1815	i.	651
27 Nov. "	"	666
1 April, 1816	"	691
L.		
To La Fayette.		
21 April, 1814	i.	605
12 May, 1833	ii.	465
To Walter Lowrie.		
19 Feb. 1824	ii.	283
22 May, "	"	288
2 Oct. "	"	294
7 " "	"	300
To Matthew Lyon.		
7 May, 1816	i.	700
M.		
To Nathaniel Macon.		
23 April, 1816	i.	697
To James Madison.		
1802	i.	109
6 Aug. 1805	"	237
1 March, 1806	"	291
15 Aug. 1807	"	353
11 Sept. 1809	"	461
21 Aug. 1810	"	482
5 Sept. "	"	486
17 " "	"	490
30 Nov. "	"	494
5 Jan. 1811	"	494
March, "	"	495
1812	"	500
June, "	"	521
21 July, "	"	522
11 Oct. "	"	526
"	"	527
1 Nov. "	"	529
12 Dec. "	"	530
5 March, 1813	"	532
"	"	533
17 April, "	"	534
22 " "	"	538
4 Sept. 1815	"	650
23 Nov. "	"	657
18 April, 1816	"	694
19 " "	"	696
2 June, "	"	706
4 " "	"	706
7 " "	"	707
12 Aug. "	ii.	3
To James Madison.		
14 Sept. 1816	ii.	10
To Leonard Maison.		
20 Dec. 1836	ii.	513
To William L. Marcy.		
20 March, 1838	ii.	526
27 " "	"	529
9 April, "	"	538
17 March, 1846	"	625
To William Maxwell.		
15 Feb. 1848	ii.	659
To Josiah Meigs.		
4 Dec. 1815	i.	670
To Thomas Mifflin.		
17 Sept. 1794	i.	9
To Samuel L. Mitchill.		
3 Jan. 1805	i.	219
To James Monroe.		
2 May, 1813	i.	539
8 " "	"	544
28 Aug. "	"	568
21 Nov. "	"	591
7 Jan. 1814	"	593
2 June, "	"	625
3 " "	"	625
13 " "	"	627
20 " "	"	632
20 Aug. "	"	637
26 Oct. "	"	640
25 Dec. "	"	645
23 Nov. 1815	"	659
25 " "	"	662
30 " "	"	668
26 Dec. "	"	677
2 Feb. 1816	"	688
18 April, "	"	695
15 May, "	"	704
12 July, "	ii.	1
6 Aug. "	"	2
12 Sept. "	"	6
25 " "	"	8
14 Oct. "	"	14
11 Nov. "	"	17
19 " "	"	18
21 " "	"	19
20 Jan. 1817	"	22
23 April, "	"	30
11 July, "	"	38
12 " "	"	40
4 Feb. 1822	"	231
13 Nov. "	"	262

			PAGE
To James Monroe.			
26 Oct. 1823	ii.		274
To General Moreau.			
2 Sept. 1813	i.		576
To Henry A. Muhlenberg.			
8 May, 1848	ii.		662
N.			
To the National Intelligencer.			
21 April, 1810	i.		475
To Peter J. Nevins and others.			
9 Feb. 1841	ii.		551
To Joseph H. Nicholson.			
19 Jan. 1802	i.		74
7 Dec. 1805	"		282
17 July, 1807	"		338
29 Dec. 1808	"		449
21 May, 1812	"		518
P.			
To Horsley Palmer.			
1 May, 1833	ii.		459
To Baron Pasquier.			
28 June, 1821	ii.		186
To J. A. Pearce.			
2 April, 1846	ii.		636
To Louis Pictet.			
23 Oct. 1842	ii.		601
To Charles Pinckney.			
24 Oct. 1808	i.		419
To George Plitt and others.			
8 April, 1843	ii.		603
To Robert Potter.			
3 Dec. 1830	ii.		440
To W. P. Preble.			
22 March, 1829	ii.		408
To Chandler Price and others.			
11 Feb. 1824	ii.		275
Q.			
To Josiah Quincy.			
9 Dec. 1830	ii.		444
R.			
To Thomas Ritchie.			
2 Aug. 1842	ii.		599
To John A. Rockwell.			
8 May, 1848	ii.		666
To Count Romanzoff.			
1 Oct. 1813	i.		583
1 Nov. "	"		590
25 Jan. 1814	"		598
To B. Ruggles.			
16 May, 1824	ii.		288
To Samuel B. Ruggles.			PAGE
9 April, 1838	ii.		539
To Richard Rush.			
3 June, 1818	ii.		67
S.			
To Nathan Sandford.			
9 July, 1806	i.		302
To Winfield Scott.			
2 Nov. 1847	ii.		650
To Secretaries of War and Navy.			
17 April, 1813	i.		535
To R. M. Sherman.			
17 Nov. 1831	ii.		448
To Sismondi.			
10 June, 1842	ii.		597
To Samuel Smith.			
17 July, 1805	i.		236
29 June, 1809	"		454
To the Speaker of the House of Representatives.			
15 April, 1806	i.		298
To Andrew Stevenson.			
2 Oct. 1824	ii.		296
To Commodore Stewart.			
16 Oct. 1845	ii.		610
T.			
To David Thomas.			
14 Sept. 1808	i.		416
To Thomas L. Thruston.			
14 May, 1836	ii.		506
To James Trimble.			
5 May, 1825	ii.		301
V.			
To Martin Van Buren.			
2 Oct. 1824	ii.		297
4 March, 1829	"		405
To C. P. Van Ness.			
22 March, 1829	ii.		406
To G. C. Verplanck.			
22 May, 1830	ii.		427
W.			
To Robert Walsh, Jr.			
27 April, 1830	ii.		425
2 Aug. "	"		429
16 Feb. 1831	"		447
To Thomas W. Ward.			
10 Dec. 1847	ii.		653
To William Woodbridge.			
19 Sept. 1840	ii.		547

INDEX III.

LETTERS TO GALLATIN.

A.

From J. Q. Adams. PAGE
26 June, 1826 . . . ii. 307
20 March, 1827 . 364
12 Dec. " . . " 398
From Lord Ashburton (see Baring).

B.

From Alexander Baring.
22 July, 1813 . . . i. 546
12 Oct. " . . . " 584
14 Dec. " . . . " 592
12 April, 1842 . . . " 594
From Richard Brent.
22 March, 1811 . . i. 496

C.

From George Clinton, Jr.
10 April, 1806 . . . i. 297
From William H. Crawford.
22 Sept. 1813 . . . i. 581
4 Aug. 1814 . . . " 636
5 April, 1815 . . . " 648
6 May, 1816 . . . " 699
10 " " . . . " 702
9 Oct. " . . . ii. 11
12 March, 1817 . . " 23
23 April, " . . . " 35
27 Oct. " . . . " 52
1 May, 1818 . . . " 61
2 " " . . . " 65
26 April, 1819 . . . " 97

From William H. Crawford, PAGE
24 July, 1819 . . . ii. 112
27 May, 1820 . . . " 143
13 " 1822 . . . " 241
26 June, " . . . " 246
26 May, 1823 . . . " 268

D.

From G. M. Dallas.
11 Jan. 1814 . . . i. 594
From Mme. de Staël.
31 July, 1814 . . . i. 635

J.

From Thomas Jefferson.
26 July, 1801 . . . i. 29
14 Aug. " . . . " 36
21 " " . . . " 40
28 " " . . . " 41
5 Sept. " . . . " 43
18 " " . . . " 54
3 Oct. " . . . " 56
9 " " . . . " 57
11 Nov. " . . . " 59
12 " " . . . " 60
14 " " . . . " 62
28 " " . . . " 74
3 Aug. 1802 . . . " 81
9 " " . . . " 83
14 " " . . . " 84
14 " " . . . " 85
20 " " . . . " 92
23 " " . . . " 94

From Thomas Jefferson.		PAGE
30 Aug. 1802	i.	95
8 Sept. "	"	96
13 " "	"	98
17 " "	"	98
20 " "	"	99
7 Oct. "	"	101
Jan. 1803.	"	114
28 March, "	"	119
12 July, "	"	128
25 " "	"	129
18 Aug. "	"	138
23 " "	"	144
3 Oct. "	"	154
29 " "	"	166
Jan. 1804	"	174
15 April, "	"	186
27 " "	"	189
9 June, "	"	196
12 July, "	"	199
1 Sept. "	"	206
3 April, 1805	"	229
29 May, "	"	232
2 July, "	"	236
7 Aug. "	"	239
11 Oct. "	"	256
23 " "	"	257
3 Nov. "	"	258
6 " "	"	260
16 " "	"	260
20 " "	"	261
24 " "	"	264
26 " "	"	266
" "	"	267
Dec. "	"	277
4 " "	"	281
7 " "	"	282
15 " "	"	283
24 Feb. 1806	"	291
15 June, "	"	299
19 " "	"	300
26 " "	"	301
14 July, "	"	304
15 Aug. "	"	306
16 " "	"	307
28 " "	"	307
31 " "	"	308
14 Nov. "	"	312
23 " "	"	321
12 Dec. "	"	325
Jan. 1807	"	327

From Thomas Jefferson.		PAGE
13 Jan. 1807.	i.	328
22 Feb. "	"	331
31 March, "	"	331
25 June, "	"	336
1 July, "	"	337
16 " "	"	337
17 Oct. "	"	357
21 " "	"	357
24 " "	"	365
4 Nov. "	"	366
5 " "	"	366
25 " "	"	366
3 Dec. "	"	367
18 " "	"	369
14 Jan. 1808.	"	369
13 Feb. "	"	371
18 " "	"	371
11 March, "	"	376
11 " "	"	377
13 " "	"	377
30 " "	"	379
2 April, "	"	383
6 May, "	"	385
16 " "	"	389
2 Sept. "	"	412
25 Oct. "	"	419
30 " "	"	420
14 Dec. "	"	446
22 Feb. 1809,	"	453
27 Sept. 1810	"	491
19 March, 1815.	"	647
11 April, 1816	"	692
18 May, "	"	705
8 Sept. "	ii.	4
15 Feb. 1818	"	56
9 April, "	"	58
24 Nov. "	"	88
26 Dec. 1820	"	176
29 Oct. 1822	"	258
2 Aug. 1823	"	273

L.

From General La Fayette.		
25 May, 1814	i.	620
3 June, "	"	626
From Walter Lowrie.		
25 Sept. 1824	ii.	292

M.

From James Madison.		
26 Aug. 1807	i.	355

From James Madison.		PAGE
19 Aug. 1808	i.	407
31 " "	"	410
28 July, 1809	"	454
30 " "	"	456
25 Sept. "	"	462
14 Aug. 1810	"	481
22 " "	"	483
5 Sept. "	"	485
12 " "	"	489
14 " 1811	"	499
8 Aug. 1812	"	523
15 " "	"	525
" "	"	526
5 April, 1813	"	534
11 Sept. 1815	"	652
12 April, 1816	"	694

From James Monroe.		PAGE
1 June, 1812	i.	520
5 Jan. 1813	"	531
5 May, "	"	540
6 " "	"	542
4 Dec. 1815	"	672
16 " "	"	675
27 Jan. 1816	"	683
13 Feb. "	"	689
26 May, 1820	ii.	140
15 Oct. 1823	"	274
From General Moreau.		
21 Aug. 1813	i.	562

S.

From John Smith.		
5 April, 1816	i.	696

INDEX IV.

MISCELLANEOUS LETTERS AND PAPERS.

Bayard and Gallatin to Adams, Clay, and Russell. PAGE
17 May, 1814 . . . i. 617
Bayard and Gallatin to Monroe.
23 May, 1814 . . . i. 618
Clay to Bayard and Gallatin.
2 May, 1814 . . . i. 608
The American Commissioners to the Emperor Alexander.
14 Aug. 1813 . . . i. 552
The American Commissioners to Monroe.
29 Aug. 1813 . . . i. 569
15 Oct. " . . . " 587
W. H. Crawford to the American Commissioners.
13 May, 1814 . . . i. 614
24 " " . . . " 619
28 " " . . . " 622
Décision du 5 août, 1810 . ii. 198
Declaration of the Committees of Fayette County.
Sept. 1794 . . . i. 4
Décret du 22 juillet, 1810 . ii. 211
Gallatin and Bayard to Monroe. PAGE
6 May, 1814 . . . i. 611
Gallatin and Eustis to J. Q. Adams.
22 Sept. 1817 . . . ii. 41
Jefferson to Duane.
24 July, 1803 . . . i. 130
La Fayette to Crawford.
26 May, 1814 . . . i. 623
Monroe to Brent.
18 March, 1811. . . i. 497
Notes on the Political Situation.
Feb. 1809 . . . i. 451
Petition against Excise, 1792 . " 2
Plan at time of balloting for Jefferson and Burr.
Feb. 1801 . . . i. 18
New York Bank Presidents to Michael Hoffman.
Feb. 1842 . . . ii. 580
Report of the Harrisburg Conference.
3 Sept. 1788 . . . i. 1
Report on Foreign Relations (Campbell's Report).
Nov. 1808 . . . i. 435

GENERAL INDEX.

A.

Adams, John, i. 18, 20, 21, 23, 55, 648; ii. 290.

Adams, John Quincy, minister to Russia, and joint commissioner under the Russian mediation, i. 490, 541, 545, 552, 569, 570, 573, 574, 576, 585, 590, 599, 608. Commissioner to negotiate at Ghent, 609, 621, 624, 632, 633, 634, 637. Minister to England, ii. 29, 35, 61. Secretary of State, ii. 24, 26, 62, 98, 100, 117, 241, 244, 269, 333, 355. Controversy with J. Russell, ii. 249. Candidate for the Presidency, ii. 244, 259. President, ii. 307, 342, 367. His opinion of Gallatin's diplomacy, ii. 398.

Alexander, Emperor of Russia, ii. 63, 331, 351. His interest in America, i. 564, 652. The only sovereign in whom America has confidence, i. 597. W. H. Crawford's relations with, i. 614, 619, 620. La Fayette's interview with, i. 621, 623, 624, 626. Comes to London, i. 623. Gallatin's interview with, i. 626, 632.

Algiers, i. 87, 88, 90, 119.

Alligator, case of the, ii. 213, 229, 241.

Apollon, case of the, ii. 183, 186–194, 195, 228, 250–253.

Armstrong, John, i. 52, 202. Minister to France, i. 211, 234. General, i. 527, 530. Secretary of War, i. 538.

Army establishment, i. 25, 73, 117, 234. Organization, i. 527, 529, 531, 532, 533.

Ashburton. (See *Baring.*)

Assumption of State debts in 1790, iii. 131–134.

Astor, John Jacob, i. 489, 494, 495, 533, 678, 679, 689, 696; ii. 269, 503–505, 507–511.

B.

Bache, Dr., i. 56, 85, 172, 175.

Badollet, John, i. 181, 463, 706.

Bainbridge, Commodore, ii. 613.

Baltimore postmaster, removal of, demanded by French government, ii. 19, 23, 28, 40.

Bank of the United States, i. 191, 322, 340, 481, 482; ii. 37, 98, 101, 114, 177, 244, 247, 248, 443, 447, 449, 517, 522, 533, 535; iii. 76, 97, 99, 105, 107, 265, 271, 287, 289, 292, 296–298, 302, 313, 398, 399, 442, 545. Its constitutionality, ii. 430; iii. 319–333, 450. Its dangerous tendencies, i. 102. Its usefulness, i. 80, 171, 184, 185; ii. 461; iii. 290, 340–346, 449, 452. Its establishment in 1791, iii. 134. Its dissolution in 1811, i. 495, 504, 513; ii. 435, 441; iii. 284, 285. Its re-establishment in 1816, iii. 236, 389, 390. Its final dissolution, iii. 237, 390, 395. Its revival inadvisable, ii. 552. Situation of, 1819–29, iii. 363. Circulation of, 1830, iii. 364. (See *Pennsylvania, U. S. Bank of.*)

Bank suspension. (See *Specie Payments.*)

Banking, ii. 512, 514–520, 564–569, 581, 589; iii. 272–282, 312–319, 335–337, 350, 370–384, 415–423, 428–446. In

England and America compared, ii. 459–464.
Bankrupt law for banks, iii. 457–461.
Baring, Alexander, Lord Ashburton, i. 147, 158, 172, 173, 210, 213; ii. 68. His views on Russian mediation, i. 546–552, 584–587, 592, 593, 596. On a bi-metallic currency, ii. 433. Minister to the United States in 1842, ii. 594, 596.
Batture, case of the, i. 366, 371, 374, 386, 479, 480–485, 487–491; iii. 228, 229.
Bayard, James A., member of Congress in 1801, ii. 665. Joint commissioner under the Russian mediation, i. 542, 544, 545, 602; and in negotiating the Treaty of Ghent, i. 600, 606, 608, 610, 618, 625, 627, 634, 650.
Berlin decree, i. 437, 438, 440, 442.
Bonaparte, Jerome, i. 137.
Bonaparte, Napoleon, i. 46, 137, 147, 148, 149, 222, 246, 363, 373, 387, 462, 562, 607, 610, 611, 617, 619, 655; ii. 2, 17, 51, 175, 225, 234, 239, 256, 260, 264, 275, 277, 279, 481. Secret decrees of, ii. 197, 198, 199, 278.
Boundary, North-Eastern, i. 646, 647; ii. 308–312, 331, 354, 357, 361–364, 369, 388, 399, 401, 402, 406–410, 544–547, 549, 550, 599.
Boundary, North-Western, ii. 312, 324, 340, 353, 368, 395, 402, 622–625; iii. 491–536.
Brent, Richard, i. 496.
Burr, Aaron, i. 331, 375, 492; ii. 664. Plan at time of balloting for, i. 18; ii. 662. Loses the confidence of his party, i. 51, 52. Denies charges of intrigue, i. 101.

C.

Calhoun, John C., ii. 55, 242, 292, 435.
Campbell, Anthony, conveys treasury books to Duane, i. 34, 35. Question of restoring him to office, i. 34–35, 37, 42, 49, 50, 54.
Campbell, Geo. W., member of Congress from Tennessee. His report on foreign relations in November, 1808, i. 435–446.
Canals, ii. 65, 66, 301, 471, 571, 685.
Canning, George, British Secretary of State for Foreign Affairs, i. 411, 456, 458, 462; ii. 309, 321, 326, 333, 342, 344, 345, 347, 352, 355, 358, 361, 365, 367, 369, 370, 371, 374, 379, 382, 384, 391, 399. Causes of his irritation against the United States in 1826, ii. 329, 343.
Castlereagh, Lord, i. 552, 558, 559, 571, 573, 593, 595, 596, 597, 607, 615, 618, 625, 627, 632, 634, 635; ii. 68, 77, 86, 87, 88, 91, 94, 96, 329, 379.
Chateaubriand, Vicomte de, ii. 270, 271, 353.
Chesapeake frigate, affair of, i. 336, 338, 359, 363, 436, 479, 482, 557, 558.
China, i. 360, 388, 502; ii. 49, 50.
Citizenship, i. 128, 301. Question of Gallatin's, ii. 283–287.
Civil service, i. 28, 65, 66, 71, 72, 209.
Claiborne, W. C. C., Governor of Louisiana, i. 107, 153, 164, 165, 166, 170, 184, 185, 207, 209, 299, 371, 376, 383, 480, 481.
Clay, Henry, Senator from Kentucky, opposes the U. S. Bank in 1810, ii. 435. Joint commissioner at Ghent, i. 602, 609, 610. Declines the War Department, ii. 14, 25. Pressed for the State Department in 1817, ii. 26. Goes into opposition, ii. 26, 35, 36, 55, 56, 58, 64. Candidate for the Presidency, ii. 243, 289. Substituted for Gallatin as a candidate for the Vice-Presidency, ii. 293, 298, 300. Secretary of State, his instructions to Gallatin as minister to England, ii. 308, 319.
Clay, Joseph, i. 39, 41; M. C. from Pennsylvania, i. 134.
Clinton, De Witt, i. 104, 123, 126, 134, 135, 230; ii. 28, 36, 64, 100, 117.
Clinton, George, i. 52; ii. 296, 298, 435, 441.
Clinton, George, Jr., i. 130, 297, 298.
Cockade, Black, in 1798, ii. 604.
Colonial trade, i. 286, 653, 680; ii. 29, 61, 67, 86, 232, 317, 321, 322, 326, 330, 334, 335–337, 341, 348, 371, 373, 374, 376, 377, 384, 392, 394, 395, 399.
Compensation bill in 1816, ii. 11, 12, 28.
Comptroller, requisites for, i. 103.

Congress, powers of, over acquisition of territory, i. 114. Over treaties, i. 684–687; ii. 479, 481, 606–610. Over legal tender, iii. 135. Over internal improvements, i. 320. Over a national bank, iii. 319–333.

Constitution of 1787, revision necessary, i. 1, 2. Amendment proposed in regard to the manner of electing the President, i. 51, 54, 55. Mr. Jefferson's amendment to provide for the acquisition of Louisiana and Florida, i. 145.

Constitution of Pennsylvania, iii. 37–54, 60–67.

Constitutional powers, i. 20; iii. 591. Case of vacancy in the Presidency, i. 19. Case of war, i. 105. Over acquisition of territory, i. 110–114, 115. Over internal improvements, i. 320. Over embargoes, i. 381. Over legal tender, iii. 235. Over a national bank, iii. 319–333. Treaty-making, i. 684–687; ii. 479, 481, 606–610. Over slavery, ii. 178.

Coxe, Tench, i. 123, 124, 209.

Crawford, William H., U. S. Senator, supports the bank in 1810, ii. 435, 441. Minister to France, ii. 6. Attempts to establish negotiations with the Emperor Alexander, i. 614, 619, 622, 625. Comments on the conduct of the war, i. 582. Is offered the Treasury by Mr. Madison, i. 699, 703, 707. Expects to be offered the department of State or Treasury by Mr. Monroe, i. 704. Accepts the Treasury, ii. 14, 24, 25. Candidate for the Presidency, ii. 259, 270, 289, 293, 294, 298. On candidates for the Presidency, i. 637, 702; ii. 36, 56, 243, 244. On domestic politics, ii. 11, 12, 24-28, 35–37, 54, 55, 62, 64–66, 100, 112–117, 145, 242-244, 248, 269, 270. On General Jackson, ii. 116, 117. On J. Q. Adams, ii. 177, 241. On J. C. Calhoun, ii. 242.

Crowninshield, Benjamin W., ii. 24, 26, 66.

Crowninshield, Jacob, i. 82, 85, 97.

Cuba, i. 387, 490, 491; ii. 346, 347, 352, 353, 358.

Cumberland Road. (See *Road.*)

Currency, principles regulating the, ii. 426, 432–443, 448, 460–464, 511–513, 557–562, 563, 564–570, 579; iii. 237, 253–265, 277, 369–384. Bi-metallic, ii. 433, 441, 464. Paper money of the Revolution, iii. 122, 261, 338. Government paper payable on demand, ii. 511, 512, 573, 574; iii. 337–340. Irredeemable, iii. 259.

D.

Dallas, Alexander J., opposed to removals in 1801, i. 39. On rights of captors, i. 57. Intends to resign the Treasury, i. 694, 699, 700. Leaves Washington, i. 703. His courage in 1814, iii. 548.

Dallas, George M., i. 589, 592, 593, 594, 597, 600.

Davis, Matthew L., i. 47, 53, 54.

Dearborn, Henry, Secretary of War, i. 43, 45, 54, 56, 82, 86, 90, 92, 94, 99, 107, 166, 189, 202, 203, 304, 363, 371, 376, 399, 403, 404, 405, 406, 407, 409, 410, 413, 451, 530, 534, 538, 539.

Debt, Public, history of, in 1796, iii. 121–168. Necessity for its discharge, i. 70; iii. 150. Manner of its discharge, ii. 501, 502. Calendar of, i. 175, 177.

Decatur, Commodore, ii. 620.

Décision du 5 août, 1810, ii. 198.

Décret du 22 juillet, 1810, ii. 211.

De Staël, Mme., i. 624, 626, 635.

Dry-docks, i. 106.

Duane, William, i. 34, 39, 60, 129, 130, 134, 693.

Duval, Gabriel, Comptroller, i. 104, 179, 219, 458.

E.

East India trade. (See *Colonial Trade.*)

Edwards, Ninian, his charges against Mr. Crawford, ii. 289.

Embargo, propriety of, i. 367, 368, 422. Amendments to law, i. 377–383. Execution of, i. 384–394, 396–407, 409, 412–415, 417–420, 427–435, 447–451, 533. The most arbitrary powers necessary to carry it into effect, i. 398, 399, 428–435. Consequences of, i. 368, 398, 402, 423, 425, 443, 474. Partial repeal of, i. 443, 451, 452.

England, relations with, i. 128, 139, 140, 141, 143, 159, 215, 264, 408, 411, 419, 421, 435–446, 451–453, 458–461, 462, 478, 482, 490, 499, 523, 525, 633, 652; ii. 1, 29, 67, 80, 232, 233. Jay's treaty, ii. 484, 497, 595, 609. Mr. Monroe's negotiation with, in 1806, i. 284–288, 332, 333. Her orders in council indefensible, i. 440. Her disavowal of Erskine's arrangement, i. 455, 456, 475–479. Her refusal of the Russian mediation, i. 546–552, 564–567, 584, 588, 592. Negotiations on impressment, i. 552–562, 586; ii. 94, 379, 391. Negotiations at Ghent, i. 618, 637, 640, 645, 646. Commercial convention in 1815, i. 650, 662–666, 680–682. Renewed in 1818, ii. 85–87; and again in 1827, ii. 327, 349, 360, 367. Negotiations of 1818, ii. 68, 81, 82–87. Negotiations of 1826–1827, iii. 308–319, 320–405. (See *Boundary, Colonial Trade, Impressment, St. Lawrence, Gallatin.*) Opinion in, i. 603, 607, 612, 629, 650; ii. 329. Oregon question, iii. 491–536.

Erskine, D. M., British minister, i. 455, 456, 457, 458–461, 475, 476, 477, 478, 488.

Erving, George W., i. 243; ii. 8, 63.

Ethnology, ii. 557, 625–627, 636–638, 650–652.

Eugenia, case of the ship, i. 204, 206.

Eustis, William, Secretary of War, i. 217, 531, 679. Minister to the Netherlands, ii. 47.

Exchange, ii. 576, 577; iii. 269–272.

Excise, i. 2, 509; iii. 85–91. (See *Western Insurrection.*)

F.

Fayette county, declares its submission to the laws, i. 4–9. (See *Western Insurrection.*)

Finance. (See *Bank, Banking, Currency, Debt, Exchange, Gallatin, Gold, Specie Payments, Taxation.*

Finances, sketch of, in 1796, iii. 69–205.

Financial situation in March, 1801, i. 24. In Nov. 1801, i. 61–66, 70–73. In Oct. 1802, i. 104, 106, 108. In Oct. 1803, i. 160. In May, 1804, i. 191. In Oct. 1804, i. 216. In April, 1805, i. 228, 229, 231, 232. In July, 1805, i. 235. In Nov. 1805, i. 258, 259, 261–263, 265. In Nov. 1806, i. 313–316, 318, 321. In Oct. 1807, i. 365, 471. In Oct. 1808, i. 424, 426. In Dec. 1808, i. 473. In Feb. 1810, i. 466–471. In Jan. 1812, i. 501–516. In June, 1812, i. 519, 520. In Nov 1812, i. 528. In March, 1813, i. 532. In April, 1813, i. 534–538. In Oct. 1814, i. 642.

Fisheries, i. 646, 653; ii. 82, 83, 84, 267, 270, 274.

Florida, acquisition of, certain, i. 142; ii. 489. Purchase of, i. 110, 258, 263, 279, 291, 295, 297–299, 307, 312, 313–316, 321, 416. Boundary of, i. 110, 143, 145, 150, 182, 212, 242, 243. Occupation of, i. 153, 238, 246, 400, 485, 487, 491, 539, 541, 545; ii. 67, 71, 74, 109–111, 116, 117, 128, 130, 131, 135, 141, 165, 166, 187, 188.

France, relations with, i. 37, 43, 46, 53, 55, 93, 109, 137, 142, 144, 147, 149, 215, 419, 421, 435–446, 451–453, 484, 499, 615, 622, 648, 676; ii. 1, 53, 144. Indemnities from, ii. 2, 3, 6, 7, 14–17, 22, 23, 31–34, 40, 59, 60, 97, 106, 107, 136, 175, 183, 196–199, 203–206, 220–223, 224–226, 234–240, 244–246, 255–258, 260, 262, 263, 266, 270, 275–282, 478, 486, 487. Reprisals upon, ii. 475, 491. Commercial relations with, ii. 38, 39, 122–125, 130, 132, 133, 140, 143, 148–165, 167–173, 179, 181, 183, 185, 200–203, 206–208, 216–218, 246, 248, 254. Secret decree of 5th August, 1810, ii. 198. Case of the Apollon, ii. 183, 186–194, 195, 228, 250–253. Case of the Alligator, ii. 213, 229, 241. Fisheries, ii. 267, 270, 274. Her relations with Spain in regard to Louisiana and Florida, i. 110, 147, 243, 257, 258, 264, 296, 297; ii. 67, 70, 71, 74, 109–111, 126–132, 165, 166, 187, 188, 489.

Frederick the Great, ii. 495.

Free trade, ii. 628.

G.

Gallatin, Albert.

His family genealogy, iii. 593–615.

His education at the university of Geneva, ii. 638–650. His life at Machias in 1780, 1781, ii. 621. His life in Virginia from 1783 to 1789, ii. 659. Sketch of his life from 1783 to 1798, i. 15, 16. His relation to the Western Insurrection, i. 4–9, 9–12; iii. 6, 7, 10, 15–30. His share in the contest between Jefferson and Burr in 1801, ii. 662–665. Assumes charge of the national finances, i. 24–26; resigns in 1811, i. 495. Sent to Russia as joint commissioner to negotiate peace with Great Britain, i. 534. Rejected by Senate, i. 590. Arrives at Gottenburg, i. 545; at St. Petersburg, i. 569. Leaves St. Petersburg, i. 593, 594, 600. Arrives at Amsterdam, i. 600; at London, i. 602. Has an audience from the Emperor of Russia, i. 632. Leaves London, i. 633. Arrives at Ghent, i. 635. Signs the treaty, i. 645. Appointed minister to France, i. 649, 650. Negotiates commercial treaty with England in 1815, i. 650. Returns to America, i. 652. Declines nomination to Congress in 1815, i. 653. Declines French mission in 1815, i. 657, 659, 667, 672, 676; reconsiders, i. 677. Accepts French mission in 1816, i. 688, 689, 691. Declines the Treasury in 1816, i. 694, 695. Sails for France in 1816, i. 706, 707. Arrives in Paris, ii. 1. Sent to the Hague to negotiate a commercial treaty in 1817, ii. 41. Sent to England to negotiate in 1818, ii. 68. Returns to America in 1823, ii. 262, 267, 268, 270. Declines to return to France as minister in 1823, ii. 274–5. Nominated as a candidate for the Vice-Presidency in 1824, ii. 288; withdraws, ii. 292–300. Declines appointment as canal commissioner, ii. 301; and as minister to the Panama congress, ii. 301, 302. Accepts the English mission in 1826, ii. 305, 306. Arrives in London in August. 1826, ii. 320. Closes negotiations and returns to America in October, 1827, ii. 393. Would accept the French mission in 1829, ii. 404. Prepares the statement of the American case in regard to the North-Eastern boundary, ii. 409. Composes the Frec-Trade Memorial to Congress in 1831, ii. 449. Writes a paper on currency in 1830, ii. 425, 430, 441, 445, 447; and another in 1841, ii. 562. Writes papers on Indian ethnology, ii. 557, 598, 625, 636, 651. Publishes argument in support of the American claim to the North-Eastern boundary, ii. 599. Publishes pamphlet on Peace with Mexico, ii. 653–659, 660, 661. Chosen a member of the New York Historical Society, ii. 601; and of the Virginia Historical Society, ii. 659. List of writings published in his lifetime, iii. 617–622.

His views on a revision of the Constitution in 1788, i. 1. On the assumption of State debts, iii. 131–134. On Mr. Hamilton's Sinking Fund, ii. 501. On excise, i. 2, 509; iii. 85–91. On the finances in 1796, iii. 69–205. On parties in 1798, ii. 604; iii. 553. On the course to be pursued by his party at the time of balloting for Jefferson and Burr, i. 18–23; ii. 662–665. On the financial situation in March, 1801, i. 24. On the interference of office-holders in politics, i. 28, 209. On political removals from office, i. 33, 39. On the character and candidacy of Matthew L. Davis, i. 47, 48, 53. On New York politics, i. 48, 50, 52, 83, 101, 192, 193, 230. On Pennsylvania politics, i. 118, 124, 125, 134, 417. On specific appropriations, i. 68, 72, 73; iii. 116, 117. On the discharge of the national debt, i. 70, 71; ii. 501; iii. 389. On reduction of expenses, i. 101, 191, 234. On economy in the navy, i. 25, 88, 116, 117, 162, 234, 529. On the national road and internal improvements, i. 78, 79, 319, 320, 334, 335, 370, 395, 425. On the war with Tripoli, i. 86–91, 118. On the right of the Executive to employ the public force in time of war, i. 105. On the constitutional power to acquire territory, i. 111–114; ii. 607–610. On the treaty-making power, i. 111–114, 684–687; ii. 479–481, 606, 607–610. On the

Bank of the United States: its constitutionality, ii. 430; iii. 319–333, 450; its establishment in 1791, iii. 134; its usefulness, i. 80, 171, 184, 185; ii. 461; iii. 290, 340–346, 449, 452; its dissolution in 1811, i. 495, 504, 513; ii. 435, 441; iii. 284, 285; its re-establishment in 1816, iii. 236, 389, 390; its final dissolution, ii. 461, 517; iii. 390, 395; inadvisability of attempting to re-establish it in 1841, ii. 552. On the sub-treasury, ii. 553, 554. On the public land system, i. 470; iii. 156, 157, 219–225. On the acquisition of Florida, i. 110, 276, 279, 291–299, 312, 314, 400, 416, 539, 545. On the acquisition and incorporation of Louisiana, i. 127, 146–152, 156, 157, 162–169, 173, 180, 188, 212, 213, 228. On private armaments, i. 194–196, 224. On trade with San Domingo in 1805, i. 220–226. On gun-boats, i. 214, 328, 329, 330. On the effect of commercial restrictions, i. 237, 262, 368; ii. 492, 500. On being subpœnaed in the case of Smith and Ogden, i. 302. On the political dissensions of 1806, i. 310. On the exclusion of British seamen from the American service, i. 332–335. On preparatory measures in case of war, i. 340–353. On the embargo, i. 368, 378, 382, 384, 388, 390–394, 396–399, 401–403, 406, 413, 414, 417, 418, 420, 427, 428–435, 448, 450, 451; ii. 492, 500. On the difficulties of his position in the Cabinet, i. 464–466. On ways and means in 1810, i. 466–475; in 1812, i. 501. On suspending the Non-Importation Act, i. 518–520; ii. 506. On the causes and effects of the War of 1812, i. 517, 700; ii. 197, 492, 500. On changes in the Cabinet in 1812, i. 526. On remission of forfeitures in 1812, i. 529. On the transmission to Canada of the declaration of war, i. 678–680; ii. 503–505, 506–511. On sending the frigates to sea in June, 1812, i. 521; ii. 610–621. On the conduct of the war, i. 526, 527, 529–533, 602, 627, 638, 642, 643, 645, 651; iii. 538. On the war expenditure of 1813, i. 535–537; iii. 538–540. On the suspension of specie payments in 1814, i. 651; iii. 283–287, 544. On resumption after the war, i. 667, 668, 697, 698, 707; ii. 428; iii. 288–290. On the suspension of specie payments in 1837, iii. 385–398. On resumption in 1838–9, ii. 521, 522, 524–539, 557–562; iii. 398–406. On his ownership of western lands while Secretary of the Treasury, i. 670–672. On a judgment rendered against Mr. Gelston, collector of the port of New York, i. 673–675. On the tariff in 1796, iii. 77–84; in 1816, i. 690, 691; in 1832, ii. 450–457; in 1840, ii. 628–635. On his own citizenship, ii. 238–288. On letters of acceptance by candidates for office, ii. 288, 289. On the boundary of the State of Georgia, ii. 302–305. On the relative value of gold and silver, ii. 410–425; iii. 270, 302–311, 347. On the production of gold and silver, iii. 238–253. On currency: bi-metallic, ii. 433, 463; bank paper, ii. 426, 427, 432–440, 448, 460–464, 511–513, 562, 563, 564–570; iii. 237, 253–265, 277, 340–342, 369–384, 415–427; government paper, i. 651; ii. 573, 574; iii. 259, 337–340; depreciating paper, i. 229; paper money of the Revolution, iii. 122, 261, 338; constitutionality of legal tender, iii. 235. On banking, ii. 514–520, 564–589; iii. 272–282, 312–319, 335–337, 350, 370–384, 415–423, 428–446, 457–461. On exchange, iii. 269–272. On the establishment of an English college, ii. 444–447. On the cost of government in 1833, ii. 465–474. On the value of State bonds in 1839, ii. 540–544. On the title of the U. S. to lands within the States, ii. 547. On the increase of State debts, ii. 570–572. On the finances of New York State, ii. 580–587. On his ethnological studies, ii. 557, 625–627, 636–638, 650–652. On war expenses, iii. 537–553. On the national character, ii. 556. On Mr. Jefferson's annual messages: Nov. 1801, i. 63–68; Dec. 1802, i. 104–109; Oct. 1803, i. 155–162; Oct. 1804, i. 211–216; Nov. 1805, i. 261–266; Nov. 1806, i. 316–321;

Oct. 1807, i. 358–364; Oct. 1808, i. 421–426. On the Inaugural Address, Feb. 1805, i. 227. On the Spanish message, Dec. 1805, i. 275. On the Gunboat message, Feb. 1807, i. 328–331. On Mr. Jefferson's character and opinions, i. 477, 478, 488, 489; ii. 551, 552, 603. On Mr. Madison, i. 311, 449, 658. On John Randolph, i. 463. On Andrew Jackson, ii. 215, 289–292, 549. On the New England Federalists, i. 199 On the Whig party, ii. 600.

On foreign relations:

I. With England. Terms of negotiation in 1806, i. 284–288, 333. On the affair of the Chesapeake in 1807, i. 337, 338–353, 357, 358–363. On the orders in council of Nov. 11, 1807, i. 368, 387, 399, 419, 421, 422, 428, 435–446, 449, 451–453, 458–461, 462, 475–479. On impressments, i. 552–562, 630, 631; ii. 94–96, 347, 391, 396, 400, 404. On the Russian mediation, i. 564–567, 569, 574–581, 599, 604. On negotiating at London, i. 589, 607, 613. On the prospects of peace, i. 628, 637–640. On the treaty of Ghent, i. 645. On the treaty of commerce in 1815, i. 650, 662, 665, 680–682. On the fisheries, i. 646; ii. 82–84. On the navigation of the Mississippi, i. 646. On the negotiations of 1818, ii. 68, 82–87, 94–96. On the negotiations of 1826–7: Instructions, ii. 307, 308–319, 320. Colonial trade, ii. 232, 317, 321, 322, 326–330, 334–337, 341, 348, 371, 373, 374, 376–377, 384, 392, 394–395. North-Eastern boundary, ii. 308–312, 349, 354, 357, 361–364, 369, 388, 397. North-Western boundary, ii. 312, 324, 349, 353, 360, 395. Navigation of the St. Lawrence, ii. 313, 340, 348, 388, 392, 395, 403. Slave indemnity, ii. 325, 350, 359. Causes of Mr. Canning's hostility, ii. 329, 343. Mr. Huskisson's policy towards the United States, ii. 382–383. On the North-Eastern boundary question in 1840–1842, ii. 544–547, 549, 550, 599–600. On the North-Western boundary question in 1846, ii. 622–625; iii. 491–536. On opinion in England, i. 602–603, 607, 612; ii. 329, 333.

II. With France. In 1801, i. 46. On granting a passage to Jerome Bonaparte, i. 137. Claims in 1803, i. 109. On the Louisiana purchase, i. 147, 238, 276. On the trade with San Domingo, i. 219–226. On the French decrees, i. 363, 419, 421, 435–446, 451–453, 459. On the secret decree of 5 August, 1810, ii. 197, 198, 278, 279. On the restoration of Louis XVIII., i. 605, 611, 666. On indemnities, ii. 2, 3, 6, 7, 14, 17, 22, 23, 31–34, 40–59, 60, 97, 106, 107, 136, 175, 183, 196–199, 203–206, 209–211, 220–226, 234–240, 244–246, 255–258, 260, 262, 263, 266, 270, 275–282. On the retaliation threatened by President Jackson in 1835, ii. 474–500. On commercial relations, ii. 8, 38, 39, 122–125, 130, 132, 133, 140, 148–165, 167–173, 179, 181, 185, 200–203, 206–208, 216–218, 254. On the case of the Apollon, ii. 183, 186–195, 199–200, 250–253. On Spanish affairs and the purchase of Florida, ii. 76–80, 87, 90–93, 101–103, 110, 111, 118, 120, 121, 125–129, 131, 133–139, 271. On the slave-trade, ii. 230, 232, 264. On Bonaparte, i. 46, 147, 246, 387, 419, 462.

III. With Spain. On the negotiation of 1805, i. 238, 240–254, 255, 275, 295, 297. On the purchase of Florida in 1806, i. 263, 291–293, 299, 314, 316. On sending off Yrujo, i. 283. On the military occupation of Florida, i. 400, 487, 491, 539, 545. On the cession of Florida in 1819, ii. 67, 69, 70–75, 76–82, 91, 92, 93, 101–103, 105, 108–112, 118–121, 125–129, 131, 133–136, 137–139. On Spanish relations in 1822, ii. 240. In 1823, ii. 271. On Mr. Canning's Spanish policy, ii. 345, 352, 358.

IV. With Russia, i. 415. On her offer of mediation in 1813, i. 534, 564–567, 569, 570–573, 574–581, 587, 588, 590, 599, 604, 625, 631, 632. With the Netherlands, ii. 41–46, 47–51, 52. With Mexico, iii. 557–591.

Gardner, William P., betrays treasury books, i. 34, 42, 49, 50, 54.

Gelston, David, collector of the port of New York, i. 122, 126, 372, 397, 448, 673–675.
Genealogy of the Gallatin family, iii. 593–615.
Geneva, its university and history, ii. 638–650. Its politics, ii. 598, 599, 602.
George III., i. 141, 455.
Georgia, boundary of, ii. 303–305.
Gerry, Elbridge, i. 95, 518.
Ghent, treaty of, i. 618, 637, 640, 645, 646.
Girard, Stephen, i. 534; iii. 264, 279.
Glass, manufacture of, in the western country, i. 701.
Gold and silver, relative value of, ii. 410–425; iii. 270, 302–311, 347. Production of, iii. 238–253.
Great Britain. (See *England, Gallatin.*)
Gun-boats, i. 214, 328–331, 344.

H.

Hamilton, Alexander, i. 39, 257; ii. 501. His wish to be independent of executive control, i. 67. His death, i. 201.
Hamilton, Paul, Secretary of the Navy, i. 526; ii. 618, 619.
Hampton, Wade, i. 177, 178.
Harrison, William Henry, i. 463, 582.
Harvard University, ii. 445, 446.
Hassler, F. R., i. 494; ii. 10, 401.
Henry, Patrick, ii. 660.
Hull, William, governor of the North-Western Territory, i. 290, 322, 386, 463, 524, 530, 582.
Humboldt, Alexander von, i. 616, 626; ii. 4, 371, 423; iii. 240.
Husbands, Herman, i. 229.
Huskisson, W., ii. 320, 323, 327, 329, 360, 361, 365, 369, 370, 372, 373, 377, 378, 381, 382, 385, 386, 387, 391, 394, 396.
Hyde de Neuville, French Minister to the United States, ii. 18, 19, 23, 40, 74, 102, 104, 105, 112, 143, 173, 174, 175, 182, 185, 200, 208, 216, 219, 227, 260, 489.

I.

Impressment, i. 284, 436, 540, 541. 542, 550, 552–562, 586; ii. 94, 347, 349, 379, 396, 399, 400, 404, 405; iii. 582.
Indians, i. 63, 111, 115, 158, 165, 169, 180, 188, 203, 218, 227, 233, 318, 352, 370, 383, 426, 432, 524, 582, 638, 642, 671, 679; ii. 188, 503–505, 507, 508, 625, 636; iii. 103, 507, 514, 518, 522, 535, 571.
Indian treaties, ii. 12, 13, 70; iii. 217–219.
Indian Ethnology, ii. 625–627, 636, 637.
Insurrection of Western Pennsylvania. (See *Western Insurrection.*)
Internal improvements, ii. 54.
Internal taxes, to be continued, i. 25. Repeal of, i. 61, 71. Reimposed, i. 508, 510.
Italy, ii. 653.

J.

Jackson, Andrew, i. 125; ii. 69, 100, 435, 458, 459, 500. His unfitness for the Presidency, ii. 289–292.
Jackson, Francis James, British Minister, i. 458, 462, 463.
Jay, John, his treaty, ii. 484, 497, 595, 609.
Jefferson, Thomas, his character and opinions, ii. 603. Account of his election to the Presidency, ii. 662–665. Plan at time of balloting for, i. 18–23. His views on Gallatin's civil service circular, i. 29, 209. On political removals, i. 37, 131. On restoring Campbell and Gardner to office, i. 37–54. On South Carolina politics, i. 40. On prizes, i. 42, 57. On bank-statements, i. 59. On the prosecution of Duane, i. 60. On residence at Washington, i. 94, 95. On the U. S. Bank, i. 102; ii. 551. On the constitutional power to acquire territory, i. 115, 145. On citizenship, i. 128, 301. On making banks republican, i. 129. On Pennsylvania politics, i. 129, 130, 138. On sending troops to Louisiana, i. 166. On the organization of the Louisiana government, i. 207. On the increase of revenue in 1805, i. 232. On Spanish relations, i. 239, 257, 277, 281. On establishing a naval militia, i. 267–275. On contraband, i. 300. On the national road, i. 305, 309. On the trial of Smith and Ogden, i. 306.

On the right of search, i. 308. On the presence of a collector at a caucus, i. 325. On the appointment of a woman to office, i. 328. On enforcing the embargo, i. 379, 383, 385, 386, 389, 412, 413. On Chief-Justice Marshall, i. 492. On the conduct of the war, i. 648. On foreign relations, i. 692. On domestic politics in 1816, i. 705; ii. 5. In 1818, ii. 57, 58, 89. In 1820, ii. 176–179. In 1822, ii. 258, 259. In 1823, ii. 273. His alleged partiality to France, i. 477, 478. His influence as Vice-President, ii. 296, 298, 504, 551.

Johnson, R. M., ii. 5, 11, 12, 26, 35.

Judiciary act, i. 26.

K.

King, Rufus, i. 101, 136, 139; ii. 284, 305, 306. His views on foreign affairs in 1803, i. 139–143. On F. J. Jackson, i. 458.

L.

La Fayette, General, i. 237, 299, 300, 581, 604, 637; ii. 4, 29, 486; iii. 220. His interview with the Emperor Alexander in 1814, i. 616, 621, 623, 626, 651. Ungovernable in relation to petty plots, ii. 332.

Lands, public, sketch of, iii. 210–219. Title of the United States to, ii. 547. System of, iii. 155–158, 219–225. (See *Squatters.*)

Langdon, John, i. 518.

Lee, Henry, ii. 664.

Legal tender currency unconstitutional, iii. 235.

Levy, i. 206, 208.

Lincoln, Levi, Attorney-General, 193, 198, 493. On the constitutional power to acquire territory, i. 111, 115.

Livingston, Brockholst, i. 178, 209, 219, 230.

Livingston, Chancellor, minister to France, i. 43, 53, 55, 141, 148, 211, 213, 228, 236.

Livingston, Edward, i. 40, 47, 97, 122, 126, 133, 135, 140, 185, 230, 384, 386, 480, 481; ii. 546, 549.

Louisiana, i. 123, 136, 142, 144, 145, 153, 154, 162–166, 212, 214. Boundaries of, i. 110, 143, 145, 182, 212, 242, 243, 247; iii. 573.

Lowndes, William, i. 700; ii. 14, 55, 64, 502. Candidate for the Presidency, ii. 243.

Lowrie, Walter, U. S. Senator, ii. 244, 248. Advises Gallatin to withdraw in 1824, ii. 292.

M.

Macon, Nathaniel, i. 702; ii. 24, 145.

Madison, James, Secretary of State, i. 41, 43, 49, 72, 92, 93, 94, 95, 98, 99, 104, 115, 143, 169, 177, 179, 184, 196, 197, 204, 205, 206, 207, 209, 226, 233, 239, 257, 297, 298, 300, 303, 306, 332, 335, 371, 413, 420, 428, 449. Candidate for the Presidency, i. 311. President, i. 464, 466, 475, 477, 492; ii. 54, 505, 506. His views on Gallatin's civil service circular, i. 29, 209. On relations with England, i. 411, 455, 523. On the disavowal of Erskine's arrangement, i. 455, 456, 457. Personal opposition to, in 1810, ii. 435, 441. Naval policy in 1812, i. 526; ii. 611–621. On the state of the war, i. 524, 525, 526. On the treaty of commerce of 1815, i. 652. Invites Gallatin to return to the Treasury in 1816, i. 694. Offers the Treasury to W. H. Crawford, i. 699, 703; ii. 25. Offers the War Department to Mr. Clay, ii. 25.

Marshall, Chief Justice, i. 492; ii. 660.

Mediterranean Fund, i. 312, 313, 318, 321.

Mexico, causes of the war with, iii. 559–579. Terms of peace with, ii. 653–659, 660–661; iii. 587–590.

Michigan, i. 322, 323.

Miranda's expedition, i. 294, 303, 304, 317, 322, 324.

Missouri country, destinies of, i. 120.

Missouri question in 1820, ii. 141, 145, 177.

Monroe, James, his negotiations with England and Spain, i. 141, 147, 158, 217, 228, 229, 238, 245, 369, 460, 476,

556, 557, 560, 661, 681, 682. Secretary of State, i. 497, 499, 525, 593, 597. His views on impressment, i. 540, 541, 542. On the conduct of the war, i. 520. On the occupation of Florida, i. 539, 541, 543. On offering Gallatin the French mission, i. 672, 676, 683; ii. 274. President, ii. 6. His Cabinet, i. 703, 704; ii. 24, 25, 26, 66. His difficulties, ii. 26, 27, 55. On foreign relations in 1820, ii. 140–143.

Moreau, General, on the military and diplomatic situation in 1813, i. 562–564.

Morocco, i. 83, 86, 89, 91, 94, 96, 99, 106, 119.

Morris, Commodore, i. 87, 90, 118, 119.

N.

Naval militia, Mr. Jefferson's bill concerning, i. 267–275.

Navy, i. 26, 66, 105, 115, 528; economies in, i. 25, 88, 98, 116, 162; appropriations for, i. 65, 116, 254; want of economy in, i. 117, 234; Mr. Madison's views regarding, in 1812, i. 521; ii. 611–622.

Nesselrode, Count, i. 614, 619; ii. 92.

Netherlands, negotiations with, ii. 41–52, 59–61.

New England Federalists, i. 199.

New York, defences of, i. 343, 354, 356, 413. Politics of, i. 48, 50, 52, 83, 101, 192, 193, 230; ii. 36.

Nicholson, Joseph H., i. 74–76, 238, 282, 338; ii. 29.

Non-Importation, i. 236, 237, 367, 368, 446, 452, 518–520, 521, 523; ii. 506.

O.

Office, removals from, i. 28, 29, 32–33, 37, 39, 47, 48, 50, 130, 131, 132.

Office-holders, participation in politics, 28, 29, 209.

Oregon question, iii. 491–536. (See *Boundary, North-Western.*)

P.

Palmerston, Lord, ii. 381, 387, 550.

Panama Congress, ii. 301, 302.

Paper money. (See *Currency*).

Parkinson's Ferry, meeting at, 14th August, 1794; iii. 14, 25, 28–31. Resolutions proposed and adopted, iii. 56.

Pensacola, capture of, ii. 69, 70, 89, 215.

Pennsylvania, Constitution of, iii. 37–54, 60–67. Convention of 1789, ii. 523. Politics of, i. 118, 120, 124, 125, 129, 130, 138; ii. 28, 37, 55, 117, 244, 269, 291, 292. U. S. Bank of, i. 80; ii. 559, 561; iii. 395, 399, 400–405.

Pickering, Timothy, i. 603.

Pinckney, Charles, i. 391, 661.

Pinkney, William, i. 217, 408, 411, 412, 413, 456–460, 476, 556, 557, 560, 661, 681, 682; ii. 8, 18.

Pittsburg, meeting at, 24 August, 1792, iii. 6, 7, 53.

Pringle, Julius, i. 177, 178.

Q.

Quincy, Josiah, i. 603.

R.

Randolph, John, i. 238, 279, 282, 310, 463; ii. 37.

Rapp, i. 199.

Removals from office. (See *Office.*)

Reprisals in 1835, ii. 476.

Resumption of specie payments. (See *Specie Payments.*)

Richelieu, Duke de, i. 676; ii. 1, 6, 14, 19, 30, 38, 40, 70, 154.

Road, National, origin of, i. 78–79. Construction of, i. 305, 309, 395.

Rodgers, Commodore, ii. 614, 617.

Rodney, Cæsar A., Attorney-General, i. 217, 219, 358, 457.

Rogers, Richard, naval officer of the port of New York, i. 39, 40, 47, 48.

Romanzoff, Count, Chancellor of the Russian Empire, i. 570, 572, 573, 574, 576, 583, 587, 590, 591, 599; ii. 490.

Rush, Richard, ii. 62.

Russell, Jonathan, i. 217, 219. Opposed to the appointment of J. Q. Adams as Secretary of State, ii. 26. Controversy with J. Q. Adams, ii. 249, 367.

Russia, relations with, i. 415; ii. 331, 351. Mediation offered by, i. 534, 547–552, 564–567, 569, 570–573, 574, 576,

577–581, 587, 588. Refused by England, i. 548, 566, 569, 571, 578, 585, 587, 588, 590, 592, 596, 599, 604, 623. Circulating medium of, i. 654–657. Claim to Oregon, iii. 496, 497.

S.

Safety-fund for banks, ii. 588–594; iii. 418.
Saint Lawrence, navigation of, ii. 313–316, 348, 349, 367, 368, 388, 392, 395, 401, 403.
Salt tax, i. 312, 313, 318, 503, 507.
San Domingo, trade with, in 1805, i. 220–226.
Savary de Valcoulon, i. 15, 701.
Scott, Winfield, ii. 100.
Silver. (See *Gold.*)
Sinking Fund, ii. 502.
Skinner, Postmaster of Baltimore. (See *Baltimore.*)
Slavery, i. 463; ii. 177.
Smith, Robert, Secretary of the Navy, i. 49, 54, 56, 94, 99, 306, 357, 364, 394, 397, 448.
Smith, Samuel, Senator from Maryland, i. 49, 333, 340; ii. 289. His drafts on Degen & Purviance, i. 454.
Smith, W. S., surveyor of the port of New York, i. 293, 302, 305, 306.
Spain, relations with. Her opposition to the Louisiana Treaty, i. 147, 165, 167, 211, 212. Subjects of difference with, in 1805, i. 241–253. Mr. Monroe's negotiation with, i. 228, 238, 239, 257, 264, 275. Mr. Jefferson's Spanish resolutions, 1805, 277–282. Dismissal of Yrujo, i. 283–284. Her opposition to the purchase of Florida, i. 316, 400, 645. Her cession of Florida, ii. 67, 69, 70, 71, 76, 77, 78–80, 87, 90–93, 101–103, 105, 108, 109–112, 118, 119–121, 125–129, 131, 133–136, 137–139, 141–143, 240, 270, 271, 346, 352. Her claim to Oregon, iii. 496–501, 505. (See *France, Florida, Louisiana.*)
Specie payments, suspension of, in 1814, i. 651; iii. 236, 283–287, 544. Resumption possible in 1815, i. 667, 668, 697, 698, 707; ii. 428, 431. Effected in 1817, iii. 288–290. Suspended in 1837, iii. 385–398, 545, 570. Resumed in 1838, ii. 521, 522, 524–539, 554, 558, 559, 560, 581, 589; iii. 398–406, 462–486. (See *Currency.*) In England, iii. 544.
Specific appropriations, i. 68, 72, 73; iii. 116, 117.
Squatters on public lands, i. 188, 189, 331, 332.
Stevens, Dr., i. 178, 183, 186, 196, 197.
Stewart, Commodore. His statements regarding the use of the navy in 1812, ii. 611–620.
Sub-treasury, ii. 553, 578; iii. 447.
Suffrage, universal, ii. 473, 601.
Sullivan, James, Governor of Massachusetts, i. 391, 394, 401, 406, 419, 493.
Suspension of specie payments. (See *Specie Payments.*)

T.

Talleyrand, Charles Maurice de, i. 142, 149.
Tariff, in 1796, iii. 77–84; in 1816, i. 690, 691; in 1832, ii. 450–457; in 1846, ii. 628–635.
Taxation, amount of, in 1796, iii. 73–97, 154–168. Reduction of, in 1801, i. 24, 61, 65, 71. In 1807, i. 471. In 1808, i. 474; in 1810, i. 469; war taxes in 1812, i. 502-512. In 1814, i. 642; in 1833, ii. 465–474. Indirect, ii. 553. New York State, ii. 585, 590.
Taylor, Gen. Zachary, his march to the Rio del Norte, iii. 575–577.
Texas, her claim to the Rio Grande del Norte, iii. 570–579; annexation of, ii. 605–610; iii. 562–570, 579; seizure of, in 1820, ii. 141.
Ticknor, George, i. 647, 651.
Tompkins, Daniel D., Governor of New York, i. 404, 407, 410, 417, 702.
Treasury notes, i. 467, 514, 528, 642, 643; iii. 543, 545, 548.
Treaty stipulations, precedents for non-compliance with, ii. 495–499.
Treaties. With France, in 1778, i. 47; in 1788, i. 105; with Holland, in 1782, ii. 41, 45, 48. Of peace with England in 1783, i. 641, 646; ii. 83, 84, 401, 407, 438, 545, 547; iii. 209, 210, 212, 213,

560, 566. With England, in 1794 (Jay's treaty), i. 71, 140, 301, 411, 640, 684; ii. 318, 484, 497, 503, 507, 595; iii. 209, 210. With Spain, in 1795, i. 199, 684, 686; iii. 213; with France, in 1800, i. 35, 46, 55; of San Ildefonso (France and Spain), 1800, i. 241, 242, 243, 281; iii. 211. With France, in 1803 (Louisiana Treaty), i. 109–111, 136, 142, 144, 146, 147, 148, 150, 156, 158, 172, 213, 235, 238, 243, 685; ii. 165, 173, 174, 175, 179, 200, 202, 227, 261, 263, 265, 608; iii. 211, 212; with England, in 1806 (Monroe's Treaty), i. 333, 336, 460, 557, 682; of peace with England in 1814 (Treaty of Ghent), i. 645; ii. 545; iii. 560. With England, in 1815 (commercial convention), i. 650, 652, 662–665; ii. 85, 86. With England, in 1818, ii. 82–87, 324, 327, 340, 349–367; iii. 497, 507, 517, 524, 528. With Spain, in 1819 (Florida Treaty), ii. 108, 110, 111, 112, 118, 119, 120, 121, 128, 131, 133–136, 139, 141, 165, 194, 404, 489; iii, 572, 573. With France, in 1822 (commercial treaty), ii. 143, 151, 246, 248, 254, 493. With England, in 1827, ii. 388, 390, 398, 544; iii. 507, 517, 522, 528. With France in 1831 (indemnities), ii. 474, 485, 493, 496; iii. 560; with England, in 1842 (Ashburton Treaty), ii. 595, 596; with Mexico, in 1839, iii. 560; with Mexico, in 1843, iii. 561; with Texas, in 1844, ii. 606, 609; iii. 561.

Tripoli, i. 63, 87–90, 96, 100, 118, 159, 162, 241.

Tunis, i. 87–90, 96, 100.

U.

University, National, i. 313, 318–320.

V.

Van Buren, Martin, ii. 295, 409.

Van Ness, C. P., ii. 357, 362, 407.

Virginia, ii. 659.

Vives, General, Spanish Minister, his statement that the U. S. government would be permitted to occupy Florida, ii. 135, 165.

W.

War of 1812. Its causes, i. 517, 541, 544, 547, 550, 553, 630; ii. 492, 500; iii. 582. Its conduct, i. 526, 527, 529, 530, 531–533, 582, 602, 627, 638, 642, 645, 648, 651; iii. 538. Its results, i. 650, 651, 667, 668, 700; ii. 500.

Washington, George, i. 12, 25–27, 55.

Wellington, Duke of, i. 676; ii. 52, 88, 92, 204, 381.

West India trade. (See *Colonial Trade.*)

Western insurrection. Pittsburg meeting, Sept. 1791, iii. 6. Washington meeting, 1791, iii. 6; its resolutions, iii. 7. Pittsburg meeting, 24th August, 1792, iii. 6, 15, 29, 53; its resolutions, iii. 7. Uniontown meeting, July, 1794, iii. 10. Outbreak of insurrection, 17th July, 1794, iii. 11, 47. Mingo Creek meeting, 23d July, iii. 11. Meeting at Braddock's Field, Aug. 1 and 2, iii. 12, 13, 14. Parkinson's Ferry meeting, Aug. 14 and 15, iii. 12–17, 29; its resolutions, iii. 56–58. Brownsville meeting, Aug. 28, iii. 18, 20, 30, 58. Declaration of Fayette County committees, Sept. 10, i. 4–9. Vote on submission, 11th September, iii. 21, 22. Submission, 17th September, iii. 23, 33, 36; i. 9–12. Parkinson's Ferry meeting, Oct. 2, iii. 25, 30, 31; its resolutions, iii. 59. Interview with the President, iii. 25–27. Parkinson's Ferry meeting, Oct. 24, iii. 28, 30; its resolutions, iii. 60. Resolutions of Legislature declaring insurrection to have existed on Oct. 14, iii. 60–65. Protest of Senators, iii. 65–67.

Whig party, ii. 600.

Whiskey rebellion. (See *Western Insurrection.*)

Y.

Yrujo, Marquis, Spanish Minister, i. 283; ii. 108.

THE END.

BOSTON PUBLIC LIBRARY
3 9999 08545 232 2